

Calendar No. 602

105TH CONGRESS
2D Session

S. 1405

[Report No. 105-346]

A BILL

To provide for improved monetary policy and regulatory reform in financial institution management and activities, to streamline financial regulatory agency actions, to provide for improved consumer credit disclosure, and for other purposes.

SEPTEMBER 24, 1998

Reported with an amendment

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IN THE SENATE OF THE UNITED STATES

NOVEMBER 7, 1997

Mr. SHELBY (for himself, Mr. MACK, Mr. FAIRCLOTH, Mr. D'AMATO, Mr. BRYAN, Mr. GRAMS, Mr. KERRY, Mr. BENNETT, Mr. GRAMM, Mr. HAGEL, Mr. ALLARD, Mr. ENZI, Ms. MOSELEY-BRAUN, and Mr. COCHRAN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

SEPTEMBER 24, 1998

Reported by Mr. D'AMATO, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

A BILL

To provide for improved monetary policy and regulatory reform in financial institution management and activities, to streamline financial regulatory agency actions, to provide for improved consumer credit disclosure, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
 5 “Financial Regulatory Relief and Economic Efficiency Act
 6 of 1997”.

7 (b) **TABLE OF CONTENTS.**—The table of contents for
 8 this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—IMPROVING MONETARY POLICY AND FINANCIAL
 INSTITUTION MANAGEMENT PRACTICES**

Sec. 101. Payment of interest on reserves at Federal reserve banks.
 Sec. 102. Amendments relating to savings and demand deposit accounts at de-
 pository institutions.
 Sec. 103. Repeal of savings association liquidity provision.
 Sec. 104. Repeal of dividend notice requirement.
 Sec. 105. Thrift service companies.
 Sec. 106. Elimination of thrift multistate multiple holding company restrictions.
 Sec. 107. Noncontrolling investments by savings association holding companies.
 Sec. 108. Repeal of deposit broker notification and recordkeeping requirement.
 Sec. 109. Uniform regulation of extensions of credit to executive officers.
 Sec. 110. Expedited procedures for certain reorganizations.
 Sec. 111. National bank directors.
 Sec. 112. Amendment to Bank Consolidation and Merger Act.
 Sec. 113. Loans on or purchases by institutions of their own stock; affiliations.
 Sec. 114. Depository institution management interlocks.
 Sec. 115. Purchased mortgage servicing rights.
 Sec. 116. Cross marketing restriction; limited purpose bank relief.
 Sec. 117. Divestiture requirement.
 Sec. 118. Daylight overdrafts incurred by Federal home loan banks.
 Sec. 119. Federal home loan bank governance amendments.
 Sec. 120. Collateralization of advances to members.

TITLE II—STREAMLINING ACTIVITIES OF INSTITUTIONS

Sec. 201. Updating of authority for community development investments.
 Sec. 202. Acceptance of brokered deposits.
 Sec. 203. Federal Reserve Act lending limits.
 Sec. 204. Eliminate unnecessary restrictions on product marketing.
 Sec. 205. Business purpose credit extensions.
 Sec. 206. Affinity groups.
 Sec. 207. Fair debt collection practices.
 Sec. 208. Restriction on acquisitions of other insured depository institutions.
 Sec. 209. Mutual holding companies.
 Sec. 210. Call report simplification.

TITLE III—STREAMLINING AGENCY ACTIONS

- Sec. 301. Scheduled meetings of Affordable Housing Advisory Board.
- Sec. 302. Elimination of duplicative disclosure of fair market value of assets and liabilities.
- Sec. 303. Payment of interest in receiverships with surplus funds.
- Sec. 304. Repeal of reporting requirement on differences in accounting standards.
- Sec. 305. Agency review of competitive factors in Bank Merger Act filings.
- Sec. 306. Termination of the Thrift Depositor Protection Oversight Board.

TITLE IV—DISCLOSURE SIMPLIFICATION

- Sec. 401. Alternative compliance method for APR disclosure.
- Sec. 402. Alternative compliance methods for advertising credit terms.

TITLE V—MISCELLANEOUS

- Sec. 501. Positions of Board of Governors of Federal Reserve System on the Executive Schedule.
- Sec. 502. Consistent coverage for individuals enrolled in a health plan administered by the Federal banking agencies.
- Sec. 503. Federal Housing Finance Board.

TITLE VI—TECHNICAL CORRECTIONS

- Sec. 601. Technical correction relating to deposit insurance funds.
- Sec. 602. Rules for continuation of deposit insurance for member banks converting charters.
- Sec. 603. Amendments to the Revised Statutes.
- Sec. 604. Conforming change to the International Banking Act.

1 **TITLE I—IMPROVING MONETARY**
 2 **POLICY AND FINANCIAL IN-**
 3 **STITUTION MANAGEMENT**
 4 **PRACTICES**

5 **SEC. 101. PAYMENT OF INTEREST ON RESERVES AT FED-**
 6 **ERAL RESERVE BANKS.**

7 (a) IN GENERAL.—Section 19(b) of the Federal Re-
 8 serve Act (12 U.S.C. 461(b)) is amended by adding at
 9 the end the following new paragraph:

10 “(12) EARNINGS ON RESERVES.—

11 “(A) IN GENERAL.—Balances maintained
 12 at a Federal reserve bank by or on behalf of a

depository institution to meet the reserve requirements of this subsection applicable with respect to such depository institution may receive earnings to be paid by the Federal reserve bank at least once each calendar quarter at a rate or rates not to exceed the general level of short-term interest rates.

“(B) REGULATIONS RELATING TO PAYMENTS AND DISTRIBUTION.—The Board may prescribe regulations concerning—

“(i) the payment of earnings in accordance with this paragraph;

“(ii) the distribution of such earnings to the depository institutions which maintain balances at such banks or on whose behalf such balances are maintained; and

“(iii) the responsibilities of depository institutions, Federal home loan banks, and the National Credit Union Administration Central Liquidity Facility with respect to the crediting and distribution of earnings attributable to balances maintained, in accordance with subsection (c)(1)(B), in a Federal reserve bank by any such entity on

1 behalf of depository institutions which are
2 not member banks.”.

3 (b) ~~AUTHORIZATION FOR PASS THROUGH RESERVES~~
4 ~~FOR MEMBER BANKS.~~—Section 19(e)(1)(B) of the Fed-
5 eral Reserve Act (12 U.S.C. 461(e)(1)(B)) is amended by
6 striking “which is not a member bank”.

7 (c) ~~TECHNICAL AND CONFORMING AMENDMENTS.~~—
8 Section 19 of the Federal Reserve Act (12 U.S.C. 461)
9 is amended—

10 (1) in subsection (b)(4) (12 U.S.C. 461(b)(4)),
11 by striking subparagraph (C) and redesignating sub-
12 paragraphs (D) and (E) as subparagraphs (C) and
13 (D), respectively; and

14 (2) in subsection (e)(1)(A) (12 U.S.C.
15 461(e)(1)(A)), by striking “subsection (b)(4)(C)”
16 and inserting “subsection (b)”.

17 **SEC. 102. AMENDMENTS RELATING TO SAVINGS AND DE-**
18 **MAND DEPOSIT ACCOUNTS AT DEPOSITORY**
19 **INSTITUTIONS.**

20 (a) ~~NOW ACCOUNTS AUTHORIZED FOR ALL BUSI-~~
21 ~~NESSES.~~—Section 2 of Public Law 93–100 (12 U.S.C.
22 1832) is amended to read as follows:

1 ~~“SEC. 2. WITHDRAWALS BY NEGOTIABLE OR TRANSFER-~~
 2 ~~ABLE INSTRUMENTS FOR TRANSFERS TO~~
 3 ~~THIRD PARTIES.~~

4 ~~“Notwithstanding any other provision of law, any de-~~
 5 ~~pository institution (as defined in section 3 of the Federal~~
 6 ~~Deposit Insurance Act) may permit the owner of any de-~~
 7 ~~posit or account to make withdrawals from such deposit~~
 8 ~~or account by negotiable or transferable instruments for~~
 9 ~~the purpose of making payments to third parties.”.~~

10 ~~(b) REPEAL OF PROHIBITIONS ON PAYMENT OF IN-~~
 11 ~~TEREST ON DEMAND DEPOSITS.—~~

12 ~~(1) FEDERAL RESERVE ACT.—Section 19 of the~~
 13 ~~Federal Reserve Act (12 U.S.C. 371a) is amended~~
 14 ~~by striking subsection (i).~~

15 ~~(2) HOME OWNERS’ LOAN ACT.—The first sen-~~
 16 ~~tence of section 5(b)(1)(B) of the Home Owners’~~
 17 ~~Loan Act (12 U.S.C. 1464(b)(1)(B)) is amended by~~
 18 ~~striking “savings association may not—” and all~~
 19 ~~that follows through “(ii) permit any” and inserting~~
 20 ~~“savings association may not permit any”.~~

21 ~~(3) FEDERAL DEPOSIT INSURANCE ACT.—Sec-~~
 22 ~~tion 18 of the Federal Deposit Insurance Act (12~~
 23 ~~U.S.C. 1828) is amended by striking subsection (g).~~

1 **SEC. 103. REPEAL OF SAVINGS ASSOCIATION LIQUIDITY**
 2 **PROVISION.**

3 (a) **REPEAL OF LIQUIDITY PROVISION.**—Section 6 of
 4 the Home Owners' Loan Act (12 U.S.C. 1465) is repealed.

5 (b) **CONFORMING AMENDMENTS.**—

6 (1) **SECTION 5.**—Section 5(c)(1)(M) of the
 7 Home Owners' Loan Act (12 U.S.C. 1464(c)(1)(M))
 8 is amended to read as follows:

9 “(M) **LIQUIDITY INVESTMENTS.**—Invest-
 10 ments identified by the Director, including
 11 cash, funds on deposit at a Federal reserve
 12 bank or a Federal home loan bank, or bankers'
 13 acceptances.”.

14 (2) **SECTION 10.**—Section 10(m)(4)(B)(iii) of
 15 the Home Owners' Loan Act (12 U.S.C.
 16 1467a(m)(4)(B)(iii)) is amended by striking “liquid
 17 assets” and all that follows through “Loan Act,”
 18 and inserting “cash and marketable securities identi-
 19 fied by the Director,”.

20 **SEC. 104. REPEAL OF DIVIDEND NOTICE REQUIREMENT.**

21 Section 10(f) of the Home Owners' Loan Act (12
 22 U.S.C. 1467a(f)) is amended to read as follows:

23 “(f) [Reserved].”.

24 **SEC. 105. THRIFT SERVICE COMPANIES.**

25 (a) **STREAMLINING THRIFT SERVICE COMPANY IN-**
 26 **VESTMENT REQUIREMENTS.**—Section 5(c)(4)(B) of the

1 Home Owners' Loan Act (12 U.S.C. 1464(c)(4)(B)) is
 2 amended—

3 (1) in the subparagraph heading, by striking
 4 “CORPORATIONS” and inserting “COMPANIES”; and

5 (2) in the first sentence, by striking “corpora-
 6 tion organized” and all that follows through “such
 7 State.” and inserting “company, if such company
 8 engages or will engage only in activities reasonably
 9 related to the activities of financial institutions, as
 10 the Director may determine and approve. For pur-
 11 poses of this subparagraph, the term ‘company’ in-
 12 cludes any corporation and any limited liability com-
 13 pany (as defined in section 1(b)(7) of the Bank
 14 Service Company Act).”.

15 (b) ~~REGULATION AND EXAMINATION OF SERVICE~~
 16 ~~PROVIDERS.~~—Section 5(d) of the Home Owners' Loan
 17 Act (12 U.S.C. 1464(d)) is amended by adding at the end
 18 the following new paragraphs:

19 ~~“(7) REGULATION AND EXAMINATION OF SAV-~~
 20 ~~INGS ASSOCIATION SERVICE COMPANIES.—~~

21 ~~“(A) SERVICE PERFORMED BY CONTRACT~~
 22 ~~OR OTHERWISE.—If a savings association, sub-~~
 23 ~~sidary, or any savings and loan affiliate or en-~~
 24 ~~tity, as identified by section 8(b)(9) of the Fed-~~
 25 ~~eral Deposit Insurance Act, that is regularly ex-~~

1 amined or subject to examination by the Direc-
 2 tor, causes to be performed for itself, by con-
 3 tract or otherwise, any services authorized
 4 under this Act or other applicable Federal law,
 5 whether on or off its premises—

6 “(i) such performance shall be subject
 7 to regulation and examination by the Di-
 8 rector to the same extent as if such serv-
 9 ices were being performed by the savings
 10 association on its own premises;

11 “(ii) the Director may authorize any
 12 other Federal banking agency (as defined
 13 in section 3 of the Federal Deposit Insur-
 14 ance Act) that supervises such subsidiary,
 15 savings and loan affiliate, or entity to per-
 16 form an examination referred to in clause
 17 (i); and

18 “(iii) the savings association shall no-
 19 tify the Director of the existence of the
 20 service relationship not later than 30 days
 21 after the earlier of the date of the making
 22 of such service contract or the date of initi-
 23 ation of the service.

24 “(B) ADMINISTRATION BY THE DIREC-
 25 TOR.—The Director may issue such regulations

and orders, including those issued pursuant to section 8 of the Federal Deposit Insurance Act, as may be necessary to enable the Director to administer and carry out this paragraph and to prevent evasion of this paragraph.”.

~~(c) CONFORMING AMENDMENTS TO SECTION 8 OF THE FEDERAL DEPOSIT INSURANCE ACT.—~~Section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818) is amended—

(1) in subsection (b)(9), by striking “to any service corporation of a savings association and to any subsidiary of such service corporation”; and

(2) in subsection (c)(7)(A)(ii), by striking “(b)(8)” and inserting “(b)(9)”.

SEC. 106. ELIMINATION OF THRIFT MULTISTATE MULTIPLE HOLDING COMPANY RESTRICTIONS.

Section 10(e) of the Home Owners’ Loan Act (12 U.S.C. 1467a(e)) is amended—

(1) by striking paragraph (3); and

(2) by redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively.

SEC. 107. NONCONTROLLING INVESTMENTS BY SAVINGS ASSOCIATION HOLDING COMPANIES.

Section 10(e)(1)(A)(iii) of the Home Owners’ Loan Act (12 U.S.C. 1467a(e)(1)(A)(iii)) is amended—

1 (1) by inserting “, except with the prior ap-
2 proval of the Director,” after “or to retain”; and

3 (2) by striking “to so acquire or retain” and in-
4 serting “to acquire, by purchase or otherwise, or to
5 retain”.

6 **SEC. 108. REPEAL OF DEPOSIT BROKER NOTIFICATION AND**
7 **RECORDKEEPING REQUIREMENT.**

8 Section 29A of the Federal Deposit Insurance Act
9 (12 U.S.C. 1831f-1) is repealed.

10 **SEC. 109. UNIFORM REGULATION OF EXTENSIONS OF**
11 **CREDIT TO EXECUTIVE OFFICERS.**

12 Section 22(g)(4) of the Federal Reserve Act (12
13 U.S.C. 375a(4)) is amended by striking “member bank’s
14 appropriate Federal banking agency” and inserting
15 “Board”.

16 **SEC. 110. EXPEDITED PROCEDURES FOR CERTAIN REORGA-**
17 **NIZATIONS.**

18 The National Bank Consolidation and Merger Act
19 (12 U.S.C. 215 et seq.) is amended—

20 (1) by redesignating section 5 as section 7; and

21 (2) by inserting after section 4 the following
22 new section:

1 **“SEC. 5. EXPEDITED PROCEDURES FOR CERTAIN REORGA-**
 2 **NIZATIONS.**

3 “(a) **IN GENERAL.**—A national banking association
 4 may, with the approval of the Comptroller, pursuant to
 5 rules and regulations promulgated by the Comptroller, and
 6 upon the affirmative vote of the shareholders of such asso-
 7 ciation owning at least two-thirds of its capital stock out-
 8 standing, reorganize so as to become a subsidiary of a
 9 bank holding company or a company that will, upon con-
 10 summation of such reorganization, become a bank holding
 11 company.

12 “(b) **REORGANIZATION PLAN.**—A reorganization au-
 13 thorized under subsection (a) shall be carried out in ac-
 14 cordance with a reorganization plan that—

15 “(1) specifies the manner in which the reorga-
 16 nization shall be carried out;

17 “(2) is approved by a majority of the entire
 18 board of directors of the association;

19 “(3) specifies—

20 “(A) the amount of cash or securities of
 21 the bank holding company, or both, or other
 22 consideration, to be paid to the shareholders of
 23 the reorganizing association in exchange for
 24 their shares of stock of the association;

1 “(B) the date as of which the rights of
2 each shareholder to participate in such ex-
3 change will be determined; and

4 “(C) the manner in which the exchange
5 will be carried out; and

6 “(4) is submitted to the shareholders of the re-
7 organizing association at a meeting to be held on the
8 call of the directors in accordance with the proce-
9 dures prescribed in connection with a merger of a
10 national bank under section 3.

11 “(e) RIGHTS OF DISSENTING SHAREHOLDERS.—If,
12 pursuant to this section, a reorganization plan has been
13 approved by the shareholders and the Comptroller, any
14 shareholder of the association who has voted against the
15 reorganization at the meeting referred to in subsection
16 (b)(4), or has given notice in writing at or prior to that
17 meeting to the presiding officer that the shareholder dis-
18 sents from the reorganization plan, shall be entitled to re-
19 ceive the value of his or her shares, as provided by section
20 3 for the merger of a national bank.

21 “(d) EFFECT OF REORGANIZATION.—The corporate
22 existence of an association that reorganizes in accordance
23 with this section shall not be deemed to have been affected
24 in any way by reason of such reorganization.”.

1 **SEC. 111. NATIONAL BANK DIRECTORS.**

2 (a) AMENDMENTS TO THE REVISED STATUTES.—

3 Section 5145 of the Revised Statutes (12 U.S.C. 71) is
4 amended—

5 (1) by striking “for one year” and inserting
6 “for a period of not more than 3 years,”; and

7 (2) by adding at the end the following: “In ac-
8 cordance with regulations issued by the Comptroller
9 of the Currency, an association may adopt bylaws
10 that provide for staggering the terms of its direc-
11 tors.”.

12 (b) AMENDMENT TO THE BANKING ACT OF 1933.—

13 Section 31 of the Banking Act of 1933 (12 U.S.C. 71a)
14 is amended in the first sentence, by inserting before the
15 period “, except that the Comptroller of the Currency may,
16 by regulation or order, exempt a national banking associa-
17 tion from the 25-member limit established by this sec-
18 tion”.

19 **SEC. 112. AMENDMENT TO BANK CONSOLIDATION AND**
20 **MERGER ACT.**

21 The National Bank Consolidation and Merger Act
22 (12 U.S.C. 215 et seq.) is amended by inserting after sec-
23 tion 5, as added by section 110 of this Act, the following
24 new section:

1 **“SEC. 6. MERGERS AND CONSOLIDATIONS WITH SUBSIDI-**
 2 **ARIES AND NONBANK AFFILIATES.**

3 “(a) IN GENERAL.—Upon the approval of the Comp-
 4 troller, a national banking association may merge with 1
 5 or more of its subsidiaries or nonbank affiliates.

6 “(b) SCOPE.—Nothing in this section shall be con-
 7 strued—

8 “(1) to affect the applicability of section
 9 18(c)(1) of the Federal Deposit Insurance Act; or

10 “(2) to grant a national banking association
 11 any power or authority that is not permissible for a
 12 national banking association under other applicable
 13 provisions of law.

14 “(c) REGULATIONS.—The Comptroller shall promul-
 15 gate regulations to implement this section.”

16 **SEC. 113. LOANS ON OR PURCHASES BY INSTITUTIONS OF**
 17 **THEIR OWN STOCK; AFFILIATIONS.**

18 (a) AMENDMENT TO REVISED STATUTES.—Section
 19 5201 of the Revised Statutes of the United States (12
 20 U.S.C. 83) is amended to read as follows:

21 **“SEC. 5201. LOANS BY BANK ON ITS OWN STOCK.**

22 “(a) GENERAL PROHIBITION.—No national banking
 23 association shall make any loan or discount on the security
 24 of the shares of its own capital stock.

25 “(b) EXCLUSION.—For purposes of this section, an
 26 association shall not be deemed to be making a loan or

1 discount on the security of the shares of its own capital
 2 stock if it acquires the stock to prevent loss upon a debt
 3 contracted for in good faith before the date of the loan
 4 or discount transaction.”.

5 (b) AMENDMENT TO FEDERAL DEPOSIT INSURANCE
 6 ACT.—Section 18 of the Federal Deposit Insurance Act
 7 (12 U.S.C. 1828) is amended by adding at the end the
 8 following new subsection:

9 “(t) LOANS BY INSURED INSTITUTIONS ON THEIR
 10 OWN STOCK.—

11 “(1) GENERAL PROHIBITION.—No insured de-
 12 pository institution shall make any loan or discount
 13 on the security of the shares of its own capital stock.

14 “(2) EXCLUSION.—For purposes of this sub-
 15 section, an insured depository institution shall not be
 16 deemed to be making a loan or discount on the secu-
 17 rity of the shares of its own capital stock if it ac-
 18 quires the stock to prevent loss upon a debt con-
 19 tracted for in good faith before the date of the loan
 20 or discount transaction.”.

21 (c) REMOVAL OF PROHIBITION ON CERTAIN AFFILI-
 22 ATIONS.—Section 18(s)(1) of the Federal Deposit Insur-
 23 ance Act (12 U.S.C. 1828(s)) is amended by striking “be
 24 an affiliate of,”.

1 **SEC. 114. DEPOSITORY INSTITUTION MANAGEMENT INTER-**
 2 **LOCKS.**

3 Section 205(8) of the Depository Institution Manage-
 4 ment Interlocks Act (12 U.S.C. 3204(8)) is amended by
 5 striking “director” each place it appears and inserting
 6 “management official”.

7 **SEC. 115. PURCHASED MORTGAGE SERVICING RIGHTS.**

8 Section 475(a) of the Federal Deposit Insurance Cor-
 9 poration Improvement Act of 1991 (12 U.S.C. 1828 note)
 10 is amended—

11 (1) by striking “purchased”;

12 (2) by striking “rights” each place it appears
 13 and inserting “assets”; and

14 (3) by striking “90” and inserting “100”.

15 **SEC. 116. CROSS MARKETING RESTRICTION; LIMITED PUR-**
 16 **POSE BANK RELIEF.**

17 (a) **CROSS MARKETING RESTRICTION.**—Section 4(f)
 18 of the Bank Holding Company Act of 1956 (12 U.S.C.
 19 1843(f)) is amended by striking paragraph (3).

20 (b) **DAYLIGHT OVERDRAFTS.**—Section 4(f) of the
 21 Bank Holding Company Act of 1956 (12 U.S.C. 1843(f))
 22 is amended by inserting after paragraph (2) the following:

23 “(3) **PERMISSIBLE OVERDRAFTS DESCRIBED.**—

24 For purposes of paragraph (2)(C), an overdraft is
 25 described in this paragraph if—

1 “(A) such overdraft results from an inad-
2 vertent computer or accounting error that is be-
3 yond the control of both the bank and the affili-
4 ate;

5 “(B) such overdraft—

6 “(i) is permitted or incurred on behalf
7 of an affiliate that is monitored by, reports
8 to, and is recognized as a primary dealer
9 by the Federal Reserve Bank of New York;
10 and

11 “(ii) is fully secured, as required by
12 the Board, by bonds, notes, or other obli-
13 gations that are direct obligations of the
14 United States or on which the principal
15 and interest are fully guaranteed by the
16 United States or by securities and obliga-
17 tions eligible for settlement on the Federal
18 Reserve book entry system; or

19 “(C) such overdraft—

20 “(i) is permitted or incurred by, or on
21 behalf of, an affiliate that is engaged in ac-
22 tivities that are so closely related to bank-
23 ing, or managing or controlling banks, as
24 to be a proper incident thereto; and

1 “(ii) does not cause the bank to vio-
 2 late any provision of section 23A or 23B of
 3 the Federal Reserve Act, either directly, in
 4 the case of a bank that is a member of the
 5 Federal Reserve System, or by virtue of
 6 section 18(j) of the Federal Deposit Insur-
 7 ance Act, in the case of a bank that is not
 8 a member of the Federal Reserve Sys-
 9 tem.”.

10 (c) CONFORMING AMENDMENT.—Section 4(f)(2) of
 11 the Bank Holding Company Act of 1956 (12 U.S.C.
 12 1843(f)(2)) is amended by striking “Paragraph (1) shall
 13 cease to apply to any company described in such para-
 14 graph if—” and inserting “Subject to paragraph (3), a
 15 company described in paragraph (1) shall no longer qual-
 16 ify for the exemption provided under that paragraph
 17 if—”.

18 (d) ACTIVITIES LIMITATIONS.—Section 4(f)(2) of the
 19 Bank Holding Company Act of 1956 (12 U.S.C.
 20 1843(f)(2)) is amended by striking subparagraph (B) and
 21 inserting the following:

22 “(B) any bank subsidiary of such company
 23 engages in any activity in which the bank was
 24 not lawfully engaged as of March 5, 1987;

1 ~~“(C) any bank subsidiary of such company~~
 2 ~~that—~~

3 ~~“(i) accepts demand deposits or de-~~
 4 ~~posits that the depositor may withdraw by~~
 5 ~~check or similar means for payment to~~
 6 ~~third parties; and~~

7 ~~“(ii) engages in the business of mak-~~
 8 ~~ing commercial loans (and, for purposes of~~
 9 ~~this clause, loans made in the ordinary~~
 10 ~~course of a credit card operation shall not~~
 11 ~~be treated as commercial loans); or~~

12 ~~“(D) after the date of enactment of the~~
 13 ~~Competitive Equality Amendments of 1987, any~~
 14 ~~bank subsidiary of such company permits any~~
 15 ~~overdraft (including any intraday overdraft), or~~
 16 ~~incurs any such overdraft in the account of the~~
 17 ~~bank at a Federal reserve bank, on behalf of an~~
 18 ~~affiliate, other than an overdraft described in~~
 19 ~~paragraph (3).”.~~

20 **SEC. 117. DIVESTITURE REQUIREMENT.**

21 ~~(a) IN GENERAL.—Section 4(f)(4) of the Bank Hold-~~
 22 ~~ing Company Act of 1956 (12 U.S.C. 1843(f)(4)) is~~
 23 ~~amended to read as follows:~~

24 ~~“(4) DIVESTITURE IN CASE OF LOSS OF EX-~~
 25 ~~EMPTION.—If any company described in paragraph~~

(1) fails to qualify for the exemption provided under such paragraph by operation of paragraph (2), such exemption shall cease to apply to such company and such company shall divest control of each bank it controls before the end of the 180-day period beginning on the date that the company receives notice from the Board that the company has failed to continue to qualify for such exemption, unless before the end of such 180-day period, the company has—

“(A) either—

“(i) corrected the condition or ceased the activity that caused the company to fail to continue to qualify for the exemption; or

“(ii) submitted a plan to the Board for approval to cease the activity or correct the condition in a timely manner (which shall not exceed 1 year); and

“(B) implemented procedures that are reasonably adapted to avoid the reoccurrence of such condition or activity.”.

(b) TECHNICAL AND CONFORMING AMENDMENT.—

Section 4(f)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)(2)) is amended by striking “Paragraph (1) shall cease to apply to any company described

1 in such paragraph if—” and inserting “A company de-
 2 scribed in paragraph (1) shall no longer qualify for the
 3 exemption provided under such paragraph if—”.

4 **SEC. 118. DAYLIGHT OVERDRAFTS INCURRED BY FEDERAL**
 5 **HOME LOAN BANKS.**

6 The Federal Reserve Act (12 U.S.C. 221 et seq.) is
 7 amended by inserting after section 11A the following new
 8 section:

9 **“SEC. 11B. DAYLIGHT OVERDRAFTS INCURRED BY FED-**
 10 **ERAL HOME LOAN BANKS.**

11 “(a) IN GENERAL.—Any policy or regulation adopted
 12 by the Board governing payment system risk or intraday
 13 credit shall—

14 “(1) include—

15 “(A) the establishment of net debit caps
 16 appropriate to the credit quality of each Fed-
 17 eral Home Loan Bank; and

18 “(B) the imposition of normal fees for day-
 19 light overdrafts, calculated in the same manner
 20 as fees for other users; or

21 “(2) exempt Federal Home Loan Banks from
 22 such policy or regulation.

23 “(b) DEFINITION.—For purposes of this section, the
 24 term ‘Federal Home Loan Bank’ has the same meaning
 25 as in section 2 of the Federal Home Loan Bank Act.”.

1 **SEC. 119. FEDERAL HOME LOAN BANK GOVERNANCE**
 2 **AMENDMENTS.**

3 The Federal Home Loan Bank Act (12 U.S.C. 1421
 4 et seq.) is amended—

5 (1) in section 7(i) (12 U.S.C. 1427(i)), by strik-
 6 ing “, subject to the approval of the board”;

7 (2) in section 12(a) (12 U.S.C. 1432(a))—

8 (A) by striking “, but, except” and all that
 9 follows through “ten years”;

10 (B) by striking “and by its board of direc-
 11 tors” and all that follows through “enjoyed sub-
 12 ject to the approval of the Board” and inserting
 13 “and, by its board of directors, to prescribe,
 14 amend, and repeal bylaws governing the man-
 15 ner in which its affairs may be administered,
 16 consistent with this Act”; and

17 (C) by adding at the end the following: “A
 18 Federal home loan bank shall not be required
 19 to submit to the board of directors of the bank
 20 for its approval, budget or business plans, in-
 21 cluding annual operating and capital budgets,
 22 strategic plans, or business plans.”;

23 (3) in section 9 (12 U.S.C. 1429)—

24 (A) in the second sentence, by striking
 25 “with the approval of the Board”; and

1 (B) in the third sentence, by striking “,
2 subject to the approval of the Board,”;

3 (4) in section 10(a)(5) (12 U.S.C.
4 1430(a)(5))—

5 (A) by striking “and the Board”; and

6 (B) by striking “by the Board” and insert-
7 ing “by the Federal home loan bank”.

8 (5) in section 10(e) (12 U.S.C. 1430(e)), by
9 striking “Board” and inserting “Federal home loan
10 bank”;

11 (6) in section 10(d) (12 U.S.C. 1430(d))—

12 (A) by striking “and the approval of the
13 Board”; and

14 (B) by striking “Subject to the approval of
15 the Board, any” and inserting “Any”; and

16 (7) in section 16(a) (12 U.S.C. 1436(a)), by
17 striking “, and then only with the approval of the
18 Federal Housing Finance Board”.

19 **SEC. 120. COLLATERALIZATION OF ADVANCES TO MEM-**
20 **BERS.**

21 Section 10(a) of the Federal Home Loan Bank Act
22 (12 U.S.C. 1430(a)) is amended—

23 (1) by striking paragraph (1) and inserting the
24 following:

1 “(1) Fully disbursed, whole first mortgages on
 2 improved residential property that are not more than
 3 90 days delinquent, mortgages on improved residen-
 4 tial property insured or guaranteed by the United
 5 States Government or any agency thereof, or securi-
 6 ties representing a whole interest in such mort-
 7 gages.”; and

8 (2) in paragraph (4), by striking “If an ad-
 9 vance” and all that follows through “is appro-
 10 priate.”.

11 **TITLE II—STREAMLINING** 12 **ACTIVITIES OF INSTITUTIONS**

13 **SEC. 201. UPDATING OF AUTHORITY FOR COMMUNITY DE-** 14 **VELOPMENT INVESTMENTS.**

15 Section 5(c)(3)(A) of the Home Owners’ Loan Act
 16 (12 U.S.C. 1464(c)(3)(A)) is amended by striking “lo-
 17 cated” and all that follows through “1974” and inserting
 18 “for the primary purpose of promoting the public welfare;
 19 including the welfare of low- and moderate-income com-
 20 munities or families (including the provision of housing,
 21 services, or jobs)”.

22 **SEC. 202. ACCEPTANCE OF BROKERED DEPOSITS.**

23 Section 29 of the Federal Deposit Insurance Act (12
 24 U.S.C. 1831f) is amended—

25 (1) by striking subsections (e) and (h);

1 (2) by redesignating subsections (f) through (g)
2 as subsections (e) through (f), respectively;

3 (3) in subsection (f), as redesignated, by strik-
4 ing paragraph (3) and redesignating paragraph (4)
5 as paragraph (3); and

6 (4) by adding at the end the following new sub-
7 section:

8 “~~(g)~~ DEPOSIT SOLICITATIONS RESTRICTED.—

9 “~~(1)~~ IN GENERAL.—An insured depository in-
10 stitution may not solicit deposits by offering rates of
11 interest that are significantly higher than the na-
12 tional rate of interest on insured deposits, as estab-
13 lished by the Corporation, if—

14 “~~(A)~~ the institution is undercapitalized or
15 adequately capitalized, as those terms are de-
16 fined in section 38; or

17 “~~(B)~~ the Corporation has been appointed
18 conservator for the institution.

19 “~~(2)~~ EXCLUSION.—Paragraph (1) does not
20 apply to an insured depository institution that is
21 well capitalized, as defined in section 38.”.

22 **SEC. 203. FEDERAL RESERVE ACT LENDING LIMITS.**

23 Section 11 of the Federal Reserve Act (12 U.S.C.
24 248) is amended—

25 (1) by striking subsection (m); and

1 (2) by redesignating subsection (o) as sub-
2 section (m).

3 **SEC. 204. ELIMINATE UNNECESSARY RESTRICTIONS ON**
4 **PRODUCT MARKETING.**

5 Section 106(b) of the Bank Holding Company Act
6 Amendments of 1970 (12 U.S.C. 1972) is amended—

7 (1) by striking paragraph (1);

8 (2) in paragraph (2)—

9 (A) by striking “(2)”; and

10 (B) by redesignating subparagraphs (A)
11 through (I) as paragraphs (1) through (9), re-
12 spectively;

13 (3) in paragraph (6), as redesignated—

14 (A) by redesignating clauses (i) through
15 (ix) as subparagraphs (A) through (I), respec-
16 tively;

17 (B) by striking “clause (i)” each place it
18 appears and inserting “subparagraph (A)”;

19 (C) in subparagraph (B), as redesign-
20 nated—

21 (i) by redesignating subclauses (I) and
22 (II) as clauses (i) and (ii), respectively;

23 (ii) by striking “(aa)” each place it
24 appears and inserting “(I)”;

1 (iii) by striking “(bb)” each place it
2 appears and inserting “(H)”; and

3 (iv) by striking “(cc)” each place it
4 appears and inserting “(HH)”;
5 (D) in subparagraph (C), as redesign-

6 nated—

7 (i) by striking “clauses (i) and (ii)”
8 and inserting “subparagraphs (A) and
9 (B)”;

10 (ii) by redesignating subclauses (I)
11 and (II) as clauses (i) and (ii), respec-
12 tively;

13 (iii) in clause (i), as redesignated, by
14 redesignating items (aa) through (cc) as
15 subclauses (I) through (III), respectively;
16 and

17 (iv) by striking “clause (iv)” and in-
18 serting “subparagraph (D)”;

19 (E) in subparagraph (D), as redesign-
20 nated—

21 (i) by striking “clause (iii)” each place
22 it appears and inserting “subparagraph
23 (C)”;

1 (ii) by redesignating subclauses (I)
2 and (II) as clauses (i) and (ii), respec-
3 tively;

4 (iii) by striking “(aa)” and inserting
5 “(I)”; and

6 (iv) by striking “(bb)” and inserting
7 “(II)”; and

8 (F) in subparagraph (E), as redesign-
9 nated—

10 (i) by striking “(ii) or (iii)” and in-
11 serting “(B), or (C)”; and

12 (ii) by redesignating subclauses (I)
13 through (III) as clauses (i) through (iii),
14 respectively;

15 (4) in paragraph (7), as redesignated—

16 (A) by redesignating clauses (i) and (ii) as
17 subparagraphs (A) and (B), respectively; and

18 (B) in subparagraph (A), as redesign-
19 nated—

20 (i) by redesignating paragraphs (1)
21 through (4) as clauses (i) through (iv), re-
22 spectively;

23 (ii) by striking “(a)” each place it ap-
24 pears and inserting “(I)”; and

- 1 (iii) by striking “(b)” each place it ap-
 2 pears and inserting “(H)”; and
 3 (iv) by striking “(c)” each place it ap-
 4 pears and inserting “(H)”;
 5 (5) by striking “this paragraph” each place it
 6 appears and inserting “this subsection”; and
 7 (6) by striking “this subparagraph” each place
 8 it appears and inserting “this paragraph”.

9 **SEC. 205. BUSINESS PURPOSE CREDIT EXTENSIONS.**

10 Section 4 of the Bank Holding Company Act of 1956
 11 (12 U.S.C. 1843) is amended by adding at the end the
 12 following new subsection:

13 “(k) **BUSINESS PURPOSE CREDIT EXTENSIONS.**—

14 “(1) **IN GENERAL.**—An institution referred to
 15 in section 2(c)(2)(F) or 4(f)(3) may engage in the
 16 provision of credit card accounts for business pur-
 17 poses, including the issuance of such accounts to
 18 small businesses.

19 “(2) **DEFINITION.**—For purposes of this sub-
 20 section, the term ‘credit card’ has the same meaning
 21 as in section 103 of the Truth In Lending Act (15
 22 U.S.C. 1602).”.

23 **SEC. 206. AFFINITY GROUPS.**

24 (a) **DEFINITIONS.**—For purposes of this section—

1 ~~(1)~~ the term “affinity group” means any per-
 2 son, other than an individual, that—

3 ~~(A)~~ is established for a common objective
 4 or purpose;

5 ~~(B)~~ is not established by ~~1~~ or more settle-
 6 ment service providers for the principal purpose
 7 of endorsing the products or services of a settle-
 8 ment service provider;

9 ~~(C)~~ the common objective or purpose of
 10 which is not principally the conduct of settle-
 11 ment services; and

12 ~~(D)~~ does not consist of member organiza-
 13 tions whose principal business is providing set-
 14 tlement services; and

15 ~~(2)~~ the terms “person”, “settlement services”,
 16 and “thing of value” have the meanings given those
 17 terms in section 3 of the Real Estate Settlement
 18 Procedures Act of 1974 (~~12~~ U.S.C. 2602).

19 ~~(b) MARKETING MODERNIZATION.~~—Notwithstanding
 20 any other provision of law, it shall not be unlawful to make
 21 a payment or otherwise transfer any thing of value to an
 22 affinity group for or in connection with an endorsement
 23 (written or oral), either through an advertisement or
 24 through a communication addressed to a consumer by
 25 name or by mailing address, of the products or services

1 of a settlement service provider, if disclosure is clearly
 2 made at the time of the first written communication with
 3 the consumer of the fact that a payment has been made
 4 or may be made or any other thing of value may accrue
 5 to the affinity group for the endorsement.

6 **SEC. 207. FAIR DEBT COLLECTION PRACTICES.**

7 (a) EXEMPTION FOR COMMUNICATIONS INVOLVING
 8 LEGAL PROCEEDINGS.—Section 803 of the Fair Debt Col-
 9 lection Practices Act (15 U.S.C. 1692a) is amended—

10 (1) in paragraph (2)—

11 (A) by striking “communication” means
 12 the” and inserting the following: “communica-
 13 tion”—

14 “(A) means the”; and

15 (B) by striking the period at the end and
 16 inserting the following: “; and

17 “(B) does not include communications
 18 made pursuant to the Federal Rules of Civil
 19 Procedure, in the case of a proceeding in a
 20 State court, the rules of civil procedure avail-
 21 able under the laws of that State, or a non-
 22 judicial foreclosure proceeding.”; and

23 (2) in paragraph (5)—

24 (A) by striking “debt” means any” and in-
 25 serting the following: “debt”—

1 “(A) means any”;

2 (B) by striking the period at the end and
3 inserting the following: “; and

4 “(B) does not include a draft drawn on a
5 bank for a sum certain, payable on demand and
6 signed by the maker.”.

7 (b) COLLECTION ACTIVITY FOLLOWING INITIAL NO-
8 TICE.—Section 809 of the Fair Debt Collection Practices
9 Act (15 U.S.C. 1692(g)) is amended by adding at the end
10 the following new subsection:

11 “(d) CONTINUATION DURING PERIOD.—Collection
12 activities and communications may continue during the
13 30-day period described in subsection (a) unless the con-
14 sumer requests the cessation of such activities.”.

15 (c) DEFINITION OF “COMMUNICATION”.—Section
16 803 of the Fair Debt Collection Practices Act (15 U.S.C.
17 1692a) is amended—

18 (1) by striking “title—” and inserting “title;
19 the following definitions shall apply.”; and

20 (2) in paragraph (2)—

21 (A) by striking “term ‘communication’
22 means” and inserting “term ‘communication’—

23 “(A) means”;

24 (B) by striking the period at the end and
25 inserting “; and

1 “(B) does not include any communication
 2 made or action taken to collect on loans made,
 3 insured, or guaranteed under the Higher Edu-
 4 cation Act of 1965.”.

5 **SEC. 208. RESTRICTION ON ACQUISITIONS OF OTHER IN-**
 6 **SURED DEPOSITORY INSTITUTIONS.**

7 Section 4(f)(12) of the Bank Holding Company Act
 8 of 1956 (12 U.S.C. 1843(f)(12)) is amended—

9 (1) in subparagraph (A), by striking “or” at
 10 the end;

11 (2) in subparagraph (B), by striking the period
 12 at the end and inserting “; or”; and

13 (3) by adding at the end the following new sub-
 14 paragraph:

15 “(C) in an acquisition in which the insured
 16 institution has been found to be undercapital-
 17 ized by the appropriate Federal or State au-
 18 thority.”.

19 **SEC. 209. MUTUAL HOLDING COMPANIES.**

20 Section 10(e) of the Home Owners’ Loan Act (12
 21 U.S.C. 1467a(e)) is amended—

22 (1) by striking paragraph (1) and inserting the
 23 following:

1 “(1) REORGANIZATION.—A savings association
2 operating in mutual form may reorganize so as to
3 become a holding company—

4 “(A) by chartering a savings association;
5 the stock of which is to be wholly owned, except
6 as otherwise provided in this section, directly or
7 indirectly by the mutual association and by
8 transferring the substantial part of its assets
9 and liabilities, by merger or otherwise, including
10 all of its insured liabilities, to the interim sav-
11 ings association;

12 “(B) by converting to a stock association
13 charter and simultaneously forming a subsidi-
14 ary stock holding company that owns 100 per-
15 cent of the voting stock of the converting asso-
16 ciation; or

17 “(C) in any other manner approved by the
18 Director, including by the formation of a sub-
19 sidiary stock holding company, transferring as-
20 sets and liabilities by merger or otherwise to
21 the subsidiary stock holding company; or
22 through the use of one or more interim institu-
23 tions.”;

24 (2) in paragraph (3)(D)—

1 (A) by striking “savings association” and
 2 inserting “the mutual holding company or sub-
 3 sidiary stock holding company”;

4 (B) by striking “such capital” and insert-
 5 ing “the capital of the association”;

6 (C) by striking “association’s”; and

7 (D) by inserting “of the association” be-
 8 fore “established”;

9 (3) in paragraph (5)—

10 (A) by inserting “or subsidiary stock hold-
 11 ing company” before “may engage”;

12 (B) in subparagraph (A)—

13 (i) by inserting “or acquiring” after
 14 “Investing in”; and

15 (ii) by inserting “, savings bank, or
 16 bank” before the period; and

17 (C) in subparagraph (C), by inserting “or
 18 bank” before the period;

19 (4) by striking paragraph (7) and inserting the
 20 following:

21 “(7) CHARTERING AND REGULATION.—

22 “(A) IN GENERAL.—A mutual holding
 23 company shall be chartered by the Director,
 24 and a subsidiary stock holding company may be
 25 chartered under State law, and such holding

1 companies shall be subject to such regulations
 2 as the Director may prescribe. Unless the con-
 3 text otherwise requires, a mutual holding com-
 4 pany shall be subject to the other requirements
 5 of this section regarding regulation of holding
 6 companies.

7 “(B) ~~CONVERSION TO STATE CHARTER.—~~

8 A mutual holding company organized pursuant
 9 to paragraph (1) may convert its charter to a
 10 State mutual holding company charter.

11 “(C) ~~CONVERSION TO FEDERAL CHAR-~~

12 ~~TER.—~~Notwithstanding any other provision of
 13 Federal law, a mutual holding company orga-
 14 nized under State law may convert its State
 15 mutual holding company charter to a Federal
 16 mutual holding company charter.”;

17 (5) in paragraph (8)—

18 (A) in subparagraph (A), by inserting “or
 19 subsidiary stock holding company” after “com-
 20 pany”; and

21 (B) by striking subparagraph (B) and in-
 22 serting the following:

23 “(B) ~~ISSUANCE OF SHARES.—~~This section
 24 shall not prohibit a savings association or sub-
 25 sidiary stock holding company chartered as part

1 of a transaction described in paragraph (1)
2 from—

3 “(i) issuing any nonvoting shares or
4 less than 50 percent of the voting share of
5 such association or subsidiary stock hold-
6 ing company to any person other than the
7 mutual holding company;

8 “(ii) issuing all of the voting shares of
9 such association to a subsidiary stock hold-
10 ing company, if more than 50 percent of
11 the voting shares of the subsidiary stock
12 holding company are owned by the mutual
13 holding company; and

14 “(iii) issuing to any person other than
15 the mutual holding company, in connection
16 with the formation of the mutual holding
17 company or at a later date, a separate
18 class of voting shares, the rights and pref-
19 erences of which are identical to those of
20 the class of voting shares issued to the mu-
21 tual holding company, except with respect
22 to the payment of dividends.

23 “(C) MUTUAL SAVINGS ASSOCIATION.—In
24 the case of a mutual savings association in
25 which holders of accounts or obligors exercise

1 voting rights, such holders of accounts or obli-
 2 gors shall have the right to subscribe on a pri-
 3 ority basis for voting shares of the subsidiary
 4 stock holding company or savings association
 5 chartered pursuant to paragraph (1), pursuant
 6 to regulations of the Director, but only with re-
 7 spect to the voting shares issued in connection
 8 with the initial reorganization pursuant to para-
 9 graph (1). The priority subscription rights ap-
 10 applicable to voting shares issued to the mutual
 11 holding company in connection with the initial
 12 reorganization pursuant to paragraph (1) shall
 13 be exercisable at such time as the shares are
 14 subsequently sold by the subsidiary savings as-
 15 sociation or subsidiary stock holding com-
 16 pany.”;

17 (6) in paragraph (9)(A)(i)(I), by inserting “, di-
 18 rectly or indirectly,” after “owned”; and

19 (7) in paragraph (10)—

20 (A) by striking “subsection—” and insert-
 21 ing “subsection, the following definitions shall
 22 apply.”; and

23 (B) by adding at the end the following:

24 “(D) SUBSIDIARY STOCK HOLDING COM-
 25 PANY.—The term ‘subsidiary stock holding

1 company' means a stock holding company orga-
 2 nized under applicable State law, that is wholly-
 3 owned, except as otherwise provided in this sec-
 4 tion, by the mutual holding company.'".

5 **SEC. 210. CALL REPORT SIMPLIFICATION.**

6 (a) MODERNIZATION OF CALL REPORT FILING AND
 7 DISCLOSURE SYSTEM.—In order to reduce the adminis-
 8 trative requirements pertaining to bank reports of condi-
 9 tion, savings association financial reports, and bank hold-
 10 ing company consolidated and parent-only financial state-
 11 ments, and to improve the timeliness of such reports and
 12 statements, the Federal banking agencies shall—

13 (1) work jointly to develop a system under
 14 which—

15 (A) insured depository institutions and
 16 their affiliates may file such reports and state-
 17 ments electronically; and

18 (B) the Federal banking agencies may
 19 make such reports and statements available to
 20 the public electronically; and

21 (2) not later than 1 year after the date of en-
 22 actment of this Act, report to the Congress and
 23 make recommendations for legislation that would en-
 24 hance efficiency for filers and users of such reports
 25 and statements.

1 (b) ~~UNIFORM REPORTS AND SIMPLIFICATION OF IN-~~
2 ~~STRUCTIONS.—~~The Federal banking agencies shall, con-
3 sistent with the principles of safety and soundness, work
4 jointly—

5 (1) to adopt a single form for the filing of core
6 information required to be submitted under Federal
7 law to all such agencies in the reports and state-
8 ments referred to in subsection (a); and

9 (2) to simplify instructions accompanying such
10 reports and statements and to provide an index to
11 the instructions that is adequate to meet the needs
12 of both filers and users.

13 (c) ~~REVIEW OF CALL REPORT SCHEDULE.—~~Each
14 Federal banking agency shall—

15 (1) review the information required by sched-
16 ules supplementing the core information referred to
17 in subsection (b); and

18 (2) eliminate requirements that are not war-
19 ranted for reasons of safety and soundness or other
20 public purposes.

TITLE III—STREAMLINING AGENCY ACTIONS

SEC. 301. SCHEDULED MEETINGS OF AFFORDABLE HOUSING ADVISORY BOARD.

Section 14(b)(6)(A) of the Resolution Trust Corporation Completion Act (12 U.S.C. 1831q note) is amended—

(1) by striking “4 times a year, or more frequently if requested” and inserting “2 times a year, or as requested”; and

(2) by striking “In each year” and all that follows through “located.”.

SEC. 302. ELIMINATION OF DUPLICATIVE DISCLOSURE OF FAIR MARKET VALUE OF ASSETS AND LIABILITIES.

Section 37(a)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1831n(a)(3)) is amended by striking subparagraph (D).

SEC. 303. PAYMENT OF INTEREST IN RECEIVERSHIPS WITH SURPLUS FUNDS.

Section 11(d)(10) of the Federal Deposit Insurance Act (12 U.S.C. 1821(d)(10)) is amended by adding at the end the following new subparagraph:

“(C) RULEMAKING AUTHORITY OF CORPORATION.—The Corporation may prescribe such rules, including definitions of terms, as it

deems appropriate to establish the interest rate for or to make payments of postinsolvency interest to creditors holding proven claims against the receivership estates of insured Federal or State depository institutions following satisfaction by the receiver of the principal amount of all creditor claims.”.

SEC. 304. REPEAL OF REPORTING REQUIREMENT ON DIFFERENCES IN ACCOUNTING STANDARDS.

Section 37 of the Federal Deposit Insurance Act (12 U.S.C. 1831n) is amended by striking subsection (c).

SEC. 305. AGENCY REVIEW OF COMPETITIVE FACTORS IN BANK MERGER ACT FILINGS.

(a) **REPORT REQUIRED.**—Section 18(e)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1828(e)(4)) is amended by striking “request reports” and all that follows through the end of the paragraph and inserting the following: “request a report on the competitive factors involved from the Attorney General. The report shall be furnished not later than 30 calendar days after the date on which it is requested, or not later than 10 calendar days after such date if the requesting agency advises the Attorney General that an emergency exists requiring expeditious action.”.

1 (b) ~~TIMING OF TRANSACTION.~~—Section 18(c)(6) of
 2 the Federal Deposit Insurance Act (12 U.S.C. 1828(c)(6))
 3 is amended by striking the third sentence and inserting
 4 the following: “If the agency has advised the Attorney
 5 General of the existence of an emergency requiring expedi-
 6 tious action and has requested a report on the competitive
 7 factors within 10 days, the transaction may not be con-
 8 summated before the fifth calendar day after the date of
 9 approval by the agency.”.

10 (c) ~~EVALUATION OF COMPETITIVE EFFECT.~~—

11 (1) ~~AMENDMENTS TO BANK HOLDING COMPANY~~
 12 ~~ACT OF 1956.~~—Section 3(c) of the Bank Holding
 13 Company Act of 1956 (12 U.S.C. 1842(c)) is
 14 amended—

15 (A) by adding at the end the following new
 16 paragraph:

17 “(6) ~~EVALUATION OF COMPETITIVE EFFECT.~~—

18 The Board may not disapprove of a transaction pur-
 19 suant to paragraph (1)(B) unless the Board takes
 20 into account—

21 “(A) competition from institutions, other
 22 than depository institutions (as defined in sec-
 23 tion 3 of the Federal Deposit Insurance Act),
 24 that provide financial services;

1 “(B) efficiencies and cost savings that the
2 transaction may create;

3 “(C) deposits of the participants in the
4 transaction that are not derived from the rel-
5 evant market;

6 “(D) the capacity of savings associations
7 to make small business loans;

8 “(E) lending by institutions other than de-
9 pository institutions to small businesses; and

10 “(F) such other factors as the Board
11 deems relevant.”; and

12 (B) in paragraph (1), by striking “re-
13 straint or trade” and inserting “restraint of
14 trade”.

15 (2) AMENDMENTS TO FEDERAL DEPOSIT IN-
16 SURANCE ACT.—Section 18(c)(5) of the Federal De-
17 posit Insurance Act (12 U.S.C. 1828(c)(5)) is
18 amended—

19 (A) by redesignating subparagraphs (A)
20 and (B) as clauses (i) and (ii), respectively;

21 (B) by inserting “(A)” after “(5)”;

22 (C) by striking “In every case” and insert-
23 ing the following:

24 “(B) In every case under this subsection”; and

25 (D) by adding at the end the following:

1 “(C) The responsible agency may not dis-
 2 approve of a transaction pursuant to subparagraph
 3 (A), unless the agency takes into account—

4 “(i) competition from institutions that pro-
 5 vide financial services;

6 “(ii) efficiencies and cost savings that the
 7 transaction may create;

8 “(iii) deposits of the participants in the
 9 transaction that are not derived from the rel-
 10 evant markets;

11 “(iv) the capacity of the institutions to
 12 make small business loans;

13 “(v) lending by institutions other than de-
 14 pository institutions to small businesses; and

15 “(vi) such other factors as the responsible
 16 agency deems relevant.”.

17 **SEC. 306. TERMINATION OF THE THRIFT DEPOSITOR PRO-**
 18 **TECTION OVERSIGHT BOARD.**

19 (a) **IN GENERAL.**—Effective 3 months after the date
 20 of enactment of this Act, the Thrift Depositor Protection
 21 Oversight Board established under section 21A of the
 22 Federal Home Loan Bank Act (hereafter in this section
 23 referred to as the “Board”) is terminated.

24 (b) **DISPOSITION OF AFFAIRS.**—

1 (1) IN GENERAL.—Effective on the date of en-
 2 actment of this Act, the Chairman of the Board (or
 3 the designee of the Chairman) may exercise on be-
 4 half of the Board any power of the Board necessary
 5 to settle and conclude the affairs of the Board.

6 (2) AVAILABILITY OF FUNDS.—Funds available
 7 to the Board shall be available to the Chairman of
 8 the Board to pay expenses incurred in carrying out
 9 paragraph (1).

10 (c) SAVINGS PROVISION.—

11 (1) EXISTING RIGHTS, DUTIES, AND OBLIGA-
 12 TIONS NOT AFFECTED.—Nothing in this Act affects
 13 the validity of any right, duty, or obligation of the
 14 United States, the Board, the Resolution Trust Cor-
 15 poration, or any other person, that—

16 (A) arises under or pursuant to the Fed-
 17 eral Home Loan Bank Act, or any other provi-
 18 sion of law applicable with respect to the
 19 Board; and

20 (B) existed on the day before the effective
 21 date of the termination of the Board under this
 22 Act.

23 (2) CONTINUATION OF SUITS.—No action or
 24 other proceeding commenced by or against the

1 Board with respect to any function of the Board
 2 shall abate by reason of the enactment of this Act.

3 ~~(3) LIABILITIES.—All liabilities arising out of~~
 4 ~~the operation of the Board during the period begin-~~
 5 ~~ning on August 9, 1989, and ending on the date~~
 6 ~~that is 3 months after the date of enactment of this~~
 7 ~~Act shall remain the direct liabilities of the United~~
 8 ~~States. The Secretary of the Treasury shall not be~~
 9 ~~substituted for the Board as a party to any such ac-~~
 10 ~~tion or proceeding.~~

11 ~~(4) CONTINUATIONS OF ORDERS, RESOLUTIONS,~~
 12 ~~DETERMINATIONS, AND REGULATIONS PERTAINING~~
 13 ~~TO THE RESOLUTION FUNDING CORPORATION.—~~

14 ~~(A) IN GENERAL.—Each order, resolution,~~
 15 ~~determination, and regulation regarding the~~
 16 ~~Resolution Funding Corporation shall continue~~
 17 ~~in effect according to its terms until modified,~~
 18 ~~terminated, set aside, or superseded in accord-~~
 19 ~~ance with applicable law, if such order, resolu-~~
 20 ~~tion, determination, or regulation—~~

21 ~~(i) was issued, made, and prescribed,~~
 22 ~~or allowed to become effective by the~~
 23 ~~Board or by a court of competent jurisdic-~~
 24 ~~tion, in the performance of functions trans-~~
 25 ~~ferred by this Act; and~~

1 (ii) is in effect on the date that is 3
2 months after the date of enactment of this
3 Act.

4 (B) ENFORCEABILITY.—All orders, resolu-
5 tions, determinations, and regulations pertain-
6 ing to the Resolution Funding Corporation are
7 enforceable by and against—

8 (i) the United States prior to the ef-
9 fective date of the transfer of responsibil-
10 ities to the Secretary of the Treasury
11 under this Act; and

12 (ii) the Secretary of the Treasury on
13 and after the effective date of the transfer
14 of responsibilities to the Secretary of the
15 Treasury under this Act.

16 (d) TRANSFER OF CERTAIN RESOLUTION FUNDING
17 CORPORATION RESPONSIBILITIES TO SECRETARY OF
18 TREASURY.—Effective 3 months after the date of enact-
19 ment of this Act, the authorities and duties of the Board
20 under sections 21A(a)(6)(I) and 21B of the Federal Home
21 Loan Bank Act are transferred to the Secretary of the
22 Treasury (or the designee of the Secretary).

23 (e) MEMBERSHIP OF THE AFFORDABLE HOUSING
24 ADVISORY BOARD.—Effective on the date of enactment of
25 this Act, section 14(b)(2) of the Resolution Trust Cor-

poration Completion Act (12 U.S.C. 1831q note) is amended by striking subparagraph (C) and redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively.

TITLE IV—DISCLOSURE SIMPLIFICATION

SEC. 401. ALTERNATIVE COMPLIANCE METHOD FOR APR DISCLOSURE.

Section 127A(a)(2)(G) of the Truth in Lending Act (15 U.S.C. 1637a(a)(2)(G)) is amended by inserting before the semicolon “or, at the option of the creditor, a statement that the periodic payments may increase or decrease substantially”.

SEC. 402. ALTERNATIVE COMPLIANCE METHODS FOR ADVERTISING CREDIT TERMS.

(a) DOWNPAYMENT AMOUNTS.—Section 144(d) of the Truth in Lending Act (15 U.S.C. 1664(d)) is amended—

(1) by striking “or the number of installments or the period of repayment, then”; and

(2) by inserting “or” before “the dollar”.

(b) ALTERNATIVE DISCLOSURES.—Chapter 3 of the Truth in Lending Act (15 U.S.C. 1661 et seq.) is amended by adding at the end the following new section:

1 **“SEC. 148. ALTERNATIVE DISCLOSURES.**

2 “(a) **IN GENERAL.**—A radio or television advertise-
 3 ment to aid, promote, or assist, directly or indirectly, any
 4 extension of consumer credit may satisfy the disclosure re-
 5 quirements in sections 143, 144(d), 147(a), or 147(e), by
 6 complying with all of the requirements in subsections (b)
 7 and (c) of this section.

8 “(b) **INFORMATION TO BE DISCLOSED.**—A radio or
 9 television advertisement referred to in subsection (a) com-
 10 plies with this subsection if it clearly and conspicuously
 11 sets forth, in such form and manner as the Board may
 12 require—

13 “(1) the annual percentage rate of any finance
 14 charge, and with respect to an open-end credit plan,
 15 the simple interest rate or the periodic rate in addi-
 16 tion to the annual percentage rate;

17 “(2) whether the interest rate may vary;

18 “(3) if the advertisement states an introductory
 19 rate (or states with respect to a variable-rate plan
 20 an initial rate that is not based on the index and
 21 margin used to make later rate adjustments)—

22 “(A) with equal prominence, the annual
 23 percentage rate that will be in effect after the
 24 introductory or initial rate period expires (or
 25 for a variable-rate plan, a reasonably current

1 annual percentage rate that would have been in
2 effect using the index and margin); and

3 ~~“(B) the period during which the introduc-~~
4 ~~tory or initial rate will remain in effect;~~

5 ~~“(4) the amount of any annual fee for an open-~~
6 ~~end credit plan;~~

7 ~~“(5) a telephone number established in accord-~~
8 ~~ance with subsection (c) that may be used by con-~~
9 ~~sumers to obtain all of the information otherwise re-~~
10 ~~quired to be disclosed pursuant to sections 143 and~~
11 ~~144(d), and subsections (a) and (c) of section 147;~~
12 ~~and~~

13 ~~“(6) a statement that the consumer may use~~
14 ~~the telephone number established in accordance with~~
15 ~~subsection (c) to obtain further details about addi-~~
16 ~~tional terms and costs associated with the offer of~~
17 ~~credit.~~

18 ~~“(c) REQUIREMENTS FOR TELEPHONE NUMBERS.—~~
19 ~~In the case of an advertisement described in subsection~~
20 ~~(b) that refers to a telephone number—~~

21 ~~“(1) the creditor shall establish the telephone~~
22 ~~number for a broadcast area not later than the date~~
23 ~~on which the advertisement is first broadcast in that~~
24 ~~area;~~

1 “(2) the required information shall be available
2 by telephone for a broadcast area for a period of not
3 less than 10 days following the date of the final
4 broadcast of the advertisement in that area;

5 “(3) the creditor shall provide all of the infor-
6 mation that is otherwise required pursuant to sec-
7 tions 143 and 144(d), and subsections (a) and (c)
8 of section 147 orally by telephone or, if requested by
9 the consumer, in written form; and

10 “(4) the consumer shall obtain the required in-
11 formation by telephone without incurring any long-
12 distance charges.”.

13 **TITLE V—MISCELLANEOUS**

14 **SEC. 501. POSITIONS OF BOARD OF GOVERNORS OF FED-** 15 **ERAL RESERVE SYSTEM ON THE EXECUTIVE** 16 **SCHEDULE.**

17 (a) IN GENERAL.—

18 (1) POSITIONS AT LEVEL 1 OF THE EXECUTIVE
19 SCHEDULE.—Section 5312 of title 5, United States
20 Code, is amended by adding at the end the follow-
21 ing:

22 “Chairman, Board of Governors of the Federal
23 Reserve System.”.

1 (2) POSITIONS AT LEVEL II OF THE EXECUTIVE
2 SCHEDULE.—Section 5313 of title 5, United States
3 Code, is amended—

4 (A) by striking “Chairman, Board of Gov-
5 ernors of the Federal Reserve System.”; and

6 (B) by adding at the end the following:

7 “Members, Board of Governors of the Federal
8 Reserve System.”.

9 (3) POSITIONS AT LEVEL III OF THE EXECU-
10 TIVE SCHEDULE.—Section 5314 of title 5, United
11 States Code, is amended by striking “Members,
12 Board of Governors of the Federal Reserve Sys-
13 tem.”.

14 (b) EFFECTIVE DATE.—This section and the amend-
15 ments made by this section shall take effect on the first
16 day of the first pay period for the Chairman and Members
17 of the Board of Governors of the Federal Reserve System
18 beginning on or after the date of enactment of this section.

19 **SEC. 502. CONSISTENT COVERAGE FOR INDIVIDUALS EN-**
20 **ROLLED IN A HEALTH PLAN ADMINISTERED**
21 **BY THE FEDERAL BANKING AGENCIES.**

22 (a) ENROLLMENT IN CHAPTER 89 PLAN.—For pur-
23 poses of chapter 89 of title 5, United States Code, any
24 period of enrollment shall be deemed to be a period of en-

1 rollment in a health benefits plan under chapter 89 of such
2 title, if such enrollment is—

3 ~~(1)~~ in a health benefits plan administered by
4 the Federal Deposit Insurance Corporation before
5 the termination of such plan on January 3, 1998; or

6 ~~(2)~~ subject to subsection ~~(c)~~, in a health bene-
7 fits plan (not under chapter 89 of such title) with
8 respect to which the eligibility of any employees or
9 retired employees of the Board of Governors of the
10 Federal Reserve System terminates on January 3,
11 1998.

12 ~~(b) ENROLLMENT; CONTINUED COVERAGE.—~~

13 ~~(1) ENROLLMENT.—~~Subject to subsection ~~(c)~~,
14 any individual who, on January 3, 1998, is enrolled
15 in a health benefits plan described in paragraph ~~(1)~~
16 or ~~(2)~~ of subsection ~~(a)~~ may enroll in an approved
17 health benefits plan under chapter 89 of title 5,
18 United States Code, either as an individual or for
19 self and family, if, after taking into account the pro-
20 visions of subsection ~~(a)~~, such individual—

21 ~~(A)~~ meets the requirements of that chapter
22 89 for eligibility to become so enrolled as an
23 employee, annuitant, or former spouse (within
24 the meaning of that chapter); or

(B) would meet the requirements of that chapter 89 if, to the extent such requirements involve either retirement system under such title 5, such individual satisfies similar requirements or provisions of the Retirement Plan for Employees of the Federal Reserve System.

(2) DETERMINATIONS.—Any determination under paragraph (1)(B) shall be made under guidelines established by the Office of Personnel Management in consultation with the Board of Governors of the Federal Reserve System.

(3) CONTINUED COVERAGE.—Subject to subsection (c), any individual who, on January 3, 1998, is entitled to continued coverage under a health benefits plan described in paragraph (1) or (2) of subsection (a) shall be deemed to be entitled to continued coverage under section 8905a of title 5, United States Code, but only for the same remaining period as would have been allowable under the health benefits plan in which such individual was enrolled on January 3, 1998, if—

(A) the individual had remained enrolled in that plan; and

(B) that plan did not terminate, or the eligibility of such individual with respect to that

1 plan did not terminate, as described in sub-
2 section (a).

3 (4) COMPARABLE TREATMENT.—Subject to
4 subsection (c), any individual (other than an individ-
5 ual under paragraph (3)) who, on January 3, 1998,
6 is covered under a health benefits plan described in
7 paragraph (1) or (2) of subsection (a) as an unmar-
8 ried dependent child, but who does not then qualify
9 for coverage under chapter 89 of title 5, United
10 States Code, as a family member (within the mean-
11 ing of that chapter) shall be deemed to be entitled
12 to continued coverage under section 8905a of that
13 title, to the same extent and in the same manner as
14 if such individual had, on January 3, 1998, ceased
15 to meet the requirements for being considered an
16 unmarried dependent child of an enrollee under such
17 chapter.

18 (5) EFFECTIVE DATE.—Coverage under chapter
19 89 of title 5, United States Code, pursuant to an en-
20 rollment under this section shall become effective on
21 January 4, 1998.

22 (c) ELIGIBILITY FOR FEHBP LIMITED TO INDIVID-
23 UALS LOSING ELIGIBILITY UNDER FORMER HEALTH
24 PLAN.—Nothing in subsection (a)(2) or any paragraph of
25 subsection (b) (to the extent that paragraph (2) relates

1 to the plan described in subsection (a)(2)) shall be consid-
 2 ered to apply with respect to any individual whose eligi-
 3 bility for coverage under the plan does not involuntarily
 4 terminate on January 3, 1998.

5 (d) TRANSFERS TO THE EMPLOYEES HEALTH BENE-
 6 FITS FUND.—The Federal Deposit Insurance Corporation
 7 and the Board of Governors of the Federal Reserve Sys-
 8 tem shall transfer to the Employees Health Benefits
 9 Fund, under section 8909 of title 5, United States Code,
 10 amounts determined by the Director of the Office of Per-
 11 sonnel Management, after consultation with the Federal
 12 Deposit Insurance Corporation and the Board of Gov-
 13 ernors of the Federal Reserve System, to be necessary to
 14 reimburse the Fund for the cost of providing benefits
 15 under this section not otherwise paid for by the individuals
 16 covered by this section. The amounts so transferred shall
 17 be held in the Fund and used by the Office of Personnel
 18 Management in addition to amounts available under sec-
 19 tion 8906(g)(1) of title 5, United States Code.

20 (e) ADMINISTRATION AND REGULATIONS.—The Of-
 21 fice of Personnel Management—

22 (1) shall administer the provisions of this sec-
 23 tion to provide for—

24 (A) a period of notice and open enrollment
 25 for individuals affected by this section; and

1 ~~(B)~~ no lapse of health coverage for individ-
 2 uals who enroll in a health benefits plan under
 3 chapter 89 of title 5, United States Code, in ac-
 4 cordance with this section; and
 5 ~~(2)~~ may prescribe regulations to implement this
 6 section.

7 **SEC. 503. FEDERAL HOUSING FINANCE BOARD.**

8 Section 2A(b)(2) of the Federal Home Loan Bank
 9 Act ~~(12 U.S.C. 1422a(b)(2))~~ is amended—
 10 ~~(1)~~ by striking subparagraph ~~(B)~~; and
 11 ~~(2)~~ by redesignating subparagraphs ~~(C)~~ and
 12 ~~(D)~~ as subparagraphs ~~(B)~~ and ~~(C)~~, respectively.

13 **TITLE VI—TECHNICAL**
 14 **CORRECTIONS**

15 **SEC. 601. TECHNICAL CORRECTION RELATING TO DEPOSIT**
 16 **INSURANCE FUNDS.**

17 ~~(a)~~ IN GENERAL.—Section 2707 of the Deposit In-
 18 surance Funds Act of 1996 ~~(Public Law 104–208; 110~~
 19 Stat. 3009–496) is amended by striking “7(b)(2)(C)” and
 20 inserting “7(b)(2)(E)”.

21 ~~(b)~~ EFFECTIVE DATE.—The amendment made by
 22 subsection ~~(a)~~ shall be deemed to have the same effective
 23 date as section 2707 of the Deposit Insurance Funds Act
 24 of 1996.

1 **SEC. 602. RULES FOR CONTINUATION OF DEPOSIT INSUR-**
 2 **ANCE FOR MEMBER BANKS CONVERTING**
 3 **CHARTERS.**

4 Section 8(o) of the Federal Deposit Insurance Act
 5 (~~12 U.S.C. 1818(o)~~) is amended in the second sentence;
 6 by striking “subsection (d) of section 4” and inserting
 7 “subsection (e) or (d) of section 4”.

8 **SEC. 603. AMENDMENTS TO THE REVISED STATUTES.**

9 (a) **WAIVER OF CITIZENSHIP REQUIREMENT FOR**
 10 **NATIONAL BANK DIRECTORS.**—Section 5146 of the Re-
 11 vised Statutes of the United States (~~12 U.S.C. 72~~) is
 12 amended in the first sentence, by inserting before the pe-
 13 riod “; and waive the requirement of citizenship in the case
 14 of not more than a minority of the total number of direc-
 15 tors”.

16 (b) **TECHNICAL AMENDMENT TO THE REVISED**
 17 **STATUTES.**—Section 329 of the Revised Statutes of the
 18 United States (~~12 U.S.C. 11~~) is amended by striking “to
 19 be interested in any association issuing national currency
 20 under the laws of the United States” and inserting “to
 21 hold an interest in any national bank”.

22 (c) **REPEAL OF UNNECESSARY CAPITAL AND SUR-**
 23 **PLUS REQUIREMENT.**—Section 5138 of the Revised Stat-
 24 utes of the United States (~~12 U.S.C. 51~~) is repealed.

1 **SEC. 604. CONFORMING CHANGE TO THE INTERNATIONAL**
 2 **BANKING ACT.**

3 Section 4(b) of the International Banking Act of
 4 1978 (12 U.S.C. 3102(b)) is amended in the second sen-
 5 tence, by striking paragraph (1) and by redesignating
 6 paragraphs (2) through (4) as paragraphs (1) through
 7 (3), respectively.

8 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

9 (a) *SHORT TITLE.*—This Act may be cited as the “Fi-
 10 nancial Regulatory Relief and Economic Efficiency Act of
 11 1998”.

12 (b) *TABLE OF CONTENTS.*—The table of contents for
 13 this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—IMPROVING MONETARY POLICY AND FINANCIAL
 INSTITUTION MANAGEMENT PRACTICES**

Sec. 101. Payment of interest on reserves at Federal reserve banks.

*Sec. 102. Amendments relating to interest on certain accounts at depository insti-
 tutions.*

Sec. 103. Repeal of savings association liquidity provision.

Sec. 104. Repeal of dividend notice requirement.

Sec. 105. Thrift service companies.

Sec. 106. Elimination of thrift multistate multiple holding company restrictions.

Sec. 107. Noncontrolling investments by savings association holding companies.

Sec. 108. Repeal of deposit broker notification and recordkeeping requirement.

Sec. 109. Uniform regulation of extensions of credit to executive officers.

Sec. 110. Expedited procedures for certain reorganizations.

Sec. 111. National bank directors.

Sec. 112. Amendment to Bank Consolidation and Merger Act.

Sec. 113. Loans on or purchases by institutions of their own stock; affiliations.

Sec. 114. Depository institution management interlocks.

Sec. 115. Purchased mortgage servicing rights.

Sec. 116. Cross marketing restriction; limited purpose bank relief.

Sec. 117. Divestiture requirement.

TITLE II—STREAMLINING ACTIVITIES OF INSTITUTIONS

Sec. 201. Updating of authority for community development investments.

Sec. 202. Federal Reserve Act lending limits.

- Sec. 203. Business purpose credit extensions.*
Sec. 204. Affinity groups.
Sec. 205. Fair debt collection practices.
Sec. 206. Restriction on acquisitions of other insured depository institutions.
Sec. 207. Mutual holding companies.
Sec. 208. Call report simplification.

TITLE III—STREAMLINING AGENCY ACTIONS

- Sec. 301. Elimination of duplicative disclosure of fair market value of assets and liabilities.*
Sec. 302. Payment of interest in receiverships with surplus funds.
Sec. 303. Repeal of reporting requirement on differences in accounting standards.
Sec. 304. Agency review of competitive factors in Bank Merger Act filings.
Sec. 305. Elimination of SAIF and DIF special reserves.

TITLE IV—MISCELLANEOUS

- Sec. 401. Alternative compliance methods for advertising credit terms.*
Sec. 402. Positions of Board of Governors of Federal Reserve System on the Executive Schedule.
Sec. 403. Consistent coverage for individuals enrolled in a health plan administered by the Federal banking agencies.
Sec. 404. Federal Housing Finance Board.
Sec. 405. Reports by indenture trustee.

TITLE V—TECHNICAL CORRECTIONS

- Sec. 501. Technical correction relating to deposit insurance funds.*
Sec. 502. Rules for continuation of deposit insurance for member banks converting charters.
Sec. 503. Amendments to the Revised Statutes.
Sec. 504. Conforming change to the International Banking Act of 1978.

1 TITLE I—IMPROVING MONETARY 2 POLICY AND FINANCIAL IN- 3 STITUTION MANAGEMENT 4 PRACTICES

5 SEC. 101. PAYMENT OF INTEREST ON RESERVES AT FED- 6 ERAL RESERVE BANKS.

*7 (a) IN GENERAL.—Section 19(b) of the Federal Re-
8 serve Act (12 U.S.C. 461(b)) is amended by adding at the
9 end the following new paragraph:*

10 “(12) EARNINGS ON RESERVES.—

1 “(A) *IN GENERAL.*—*Balances maintained*
 2 *at a Federal reserve bank by or on behalf of a*
 3 *depository institution may receive earnings, to*
 4 *be paid by the Federal reserve bank at least once*
 5 *in each calendar quarter, at a rate or rates not*
 6 *to exceed the general level of short-term interest*
 7 *rates.*

8 “(B) *REGULATIONS RELATING TO PAY-*
 9 *MENTS AND DISTRIBUTION.*—*The Board may*
 10 *prescribe regulations concerning—*

11 “(i) *the payment of earnings in ac-*
 12 *cordance with this paragraph;*

13 “(ii) *the distribution of such earnings*
 14 *to the depository institutions which main-*
 15 *tain balances at such banks, or on behalf of*
 16 *which such balances are maintained; and*

17 “(iii) *the responsibilities of depository*
 18 *institutions, Federal home loan banks, and*
 19 *the National Credit Union Administration*
 20 *Central Liquidity Facility with respect to*
 21 *the crediting and distribution of earnings*
 22 *attributable to balances maintained, in ac-*
 23 *cordance with subsection (c)(1)(B), in a*
 24 *Federal reserve bank by any such entity on*

1 *behalf of depository institutions which are*
 2 *not member banks.”.*

3 **(b) AUTHORIZATION FOR PASS THROUGH RESERVES**
 4 **FOR MEMBER BANKS.**—*Section 19(c)(1)(B) of the Federal*
 5 *Reserve Act (12 U.S.C. 461(c)(1)(B)) is amended by strik-*
 6 *ing “which is not a member bank”.*

7 **(c) TECHNICAL AND CONFORMING AMENDMENTS.**—
 8 *Section 19 of the Federal Reserve Act (12 U.S.C. 461) is*
 9 *amended—*

10 *(1) in subsection (b)(4) (12 U.S.C. 461(b)(4)), by*
 11 *striking subparagraph (C) and redesignating sub-*
 12 *paragraphs (D) and (E) as subparagraphs (C) and*
 13 *(D), respectively; and*

14 *(2) in subsection (c)(1)(A) (12 U.S.C.*
 15 *461(c)(1)(A)), by striking “subsection (b)(4)(C)” and*
 16 *inserting “subsection (b)”.*

17 **SEC. 102. AMENDMENTS RELATING TO INTEREST ON CER-**
 18 **TAIN ACCOUNTS AT DEPOSITORY INSTITU-**
 19 **TIONS.**

20 **(a) INTEREST-BEARING TRANSACTION ACCOUNTS AU-**
 21 **THORIZED FOR ALL BUSINESSES.**—*Section 2 of Public*
 22 *Law 93–100 (12 U.S.C. 1832) is amended—*

23 *(1) by redesignating subsections (b) and (c) as*
 24 *subsections (c) and (d), respectively; and*

1 (2) *by inserting after subsection (a) the follow-*
 2 *ing:*

3 “(b) *Notwithstanding any other provision of law, any*
 4 *depository institution may, before January 1, 2001, permit*
 5 *the owner of any deposit or account on which interest or*
 6 *dividends are paid to make up to 24 transfers per month,*
 7 *for any purpose, to another account of the owner in the*
 8 *same institution. Nothing in this subsection shall be con-*
 9 *strued to prevent an account offered pursuant to this sub-*
 10 *section from being considered a transaction account (as de-*
 11 *finied in section 19(b) of the Federal Reserve Act (12 U.S.C.*
 12 *461(b)) for purposes of that Act.”.*

13 (b) *AMENDMENTS RELATING TO SAVINGS AND DE-*
 14 *MAND DEPOSIT ACCOUNTS AT DEPOSITORY INSTITU-*
 15 *TIONS.—*

16 (1) *NOW ACCOUNTS AUTHORIZED FOR ALL BUSI-*
 17 *NESSES.—Section 2 of Public Law 93–100 (12 U.S.C.*
 18 *1832(a)(2)) is amended to read as follows:*

19 **“SEC. 2. WITHDRAWALS BY NEGOTIABLE OR TRANSFER-**
 20 **ABLE INSTRUMENTS FOR TRANSFERS TO**
 21 **THIRD PARTIES.**

22 “*Notwithstanding any other provision of law, any de-*
 23 *pository institution (as defined in section 3 of the Federal*
 24 *Deposit Insurance Act) may permit the owner of any de-*
 25 *posit or account to make withdrawals from such deposit or*

1 *account by negotiable or transferable instruments for the*
 2 *purpose of making payments to third parties.”.*

3 (2) *REPEAL OF PROHIBITION ON PAYMENT OF IN-*
 4 *TEREST ON DEMAND DEPOSITS.—*

5 (A) *FEDERAL RESERVE ACT.—Section 19(i)*
 6 *of the Federal Reserve Act (12 U.S.C. 371a(i)) is*
 7 *amended to read as follows:*

8 “(i) [Reserved].”.

9 (B) *HOME OWNERS’ LOAN ACT.—Section*
 10 *5(b)(1)(B) of the Home Owners’ Loan Act (12*
 11 *U.S.C. 1464(b)(1)(B)) is amended in the first*
 12 *sentence, by striking “savings association may*
 13 *not—” and all that follows through “(ii) permit*
 14 *any” and inserting “savings association may*
 15 *not permit any”.*

16 (C) *FEDERAL DEPOSIT INSURANCE ACT.—*
 17 *Section 18(g) of the Federal Deposit Insurance*
 18 *Act (12 U.S.C. 1828(g)) is amended to read as*
 19 *follows:*

20 “(g) [Reserved].”.

21 (3) *EFFECTIVE DATE.—The amendments made*
 22 *by this subsection shall take effect on January 1,*
 23 *2001.*

1 **SEC. 103. REPEAL OF SAVINGS ASSOCIATION LIQUIDITY**
 2 **PROVISION.**

3 (a) *REPEAL OF LIQUIDITY PROVISION.*—Section 6 of
 4 the *Home Owners’ Loan Act* (12 U.S.C. 1465) is repealed.

5 (b) *CONFORMING AMENDMENTS.*—

6 (1) *SECTION 5.*—Section 5(c)(1)(M) of the *Home*
 7 *Owners’ Loan Act* (12 U.S.C. 1464(c)(1)(M)) is
 8 amended to read as follows:

9 “(M) *LIQUIDITY INVESTMENTS.*—Invest-
 10 ments identified by the Director, including cash,
 11 funds on deposit at a Federal reserve bank or a
 12 Federal home loan bank, or bankers’ accept-
 13 ances.”.

14 (2) *SECTION 10.*—Section 10(m)(4)(B)(iii) of the
 15 *Home Owners’ Loan Act* (12 U.S.C.
 16 1467a(m)(4)(B)(iii)) is amended by striking “liquid
 17 assets” and all that follows through “Loan Act,” and
 18 inserting “cash and marketable securities identified
 19 by the Director,”.

20 **SEC. 104. REPEAL OF DIVIDEND NOTICE REQUIREMENT.**

21 Section 10(f) of the *Home Owners’ Loan Act* (12
 22 U.S.C. 1467a(f)) is amended to read as follows:

23 “(f) [Reserved].”.

24 **SEC. 105. THRIFT SERVICE COMPANIES.**

25 (a) *STREAMLINING THRIFT SERVICE COMPANY IN-*
 26 *VESTMENT REQUIREMENTS.*—Section 5(c)(4)(B) of the

1 *Home Owners' Loan Act (12 U.S.C. 1464(c)(4)(B)) is*
 2 *amended—*

3 (1) *in the subparagraph heading, by striking*
 4 *“CORPORATIONS” and inserting “COMPANIES”; and*

5 (2) *in the first sentence, by striking “corporation*
 6 *organized” and all that follows through “such State.”*
 7 *and inserting “company, if such company engages or*
 8 *will engage only in activities reasonably related to the*
 9 *activities of financial institutions, as the Director*
 10 *may determine and approve. For purposes of this sub-*
 11 *paragraph, the term ‘company’ includes any corpora-*
 12 *tion and any limited liability company (as defined in*
 13 *section 1(b)(7) of the Bank Service Company Act).”.*

14 (b) *CONFORMING AMENDMENTS TO SECTION 8 OF THE*
 15 *FEDERAL DEPOSIT INSURANCE ACT.—Section 8 of the Fed-*
 16 *eral Deposit Insurance Act (12 U.S.C. 1818) is amended—*

17 (1) *in subsection (b)(9), by striking “to any serv-*
 18 *ice corporation of a savings association and to any*
 19 *subsidiary of such service corporation”; and*

20 (2) *in subsection (e)(7)(A)(ii), by striking*
 21 *“(b)(8)” and inserting “(b)(9)”.*

22 **SEC. 106. ELIMINATION OF THRIFT MULTISTATE MULTIPLE**
 23 **HOLDING COMPANY RESTRICTIONS.**

24 *Section 10(e) of the Home Owners' Loan Act (12*
 25 *U.S.C. 1467a(e)) is amended—*

1 (1) *by striking paragraph (3); and*
 2 (2) *by redesignating paragraphs (4), (5), and (6)*
 3 *as paragraphs (3), (4), and (5), respectively.*

4 **SEC. 107. NONCONTROLLING INVESTMENTS BY SAVINGS**
 5 **ASSOCIATION HOLDING COMPANIES.**

6 *Section 10(e)(1)(A)(iii) of the Home Owners' Loan Act*
 7 *(12 U.S.C. 1467a(e)(1)(A)(iii) is amended—*

8 (1) *by inserting “, except with the prior written*
 9 *approval of the Director” after “or to retain”;*

10 (2) *by striking “so acquire or retain” and insert-*
 11 *ing “acquire or retain, and the Director may not au-*
 12 *thorize acquisition or retention of,”; and*

13 (3) *by striking “(c)(2). This clause” and insert-*
 14 *ing “(c)(2), except that this clause”.*

15 **SEC. 108. REPEAL OF DEPOSIT BROKER NOTIFICATION AND**
 16 **RECORDKEEPING REQUIREMENT.**

17 *Section 29A of the Federal Deposit Insurance Act (12*
 18 *U.S.C. 1831f–1) is repealed.*

19 **SEC. 109. UNIFORM REGULATION OF EXTENSIONS OF CRED-**
 20 **IT TO EXECUTIVE OFFICERS.**

21 *Section 22(g)(4) of the Federal Reserve Act (12 U.S.C.*
 22 *375a(4)) is amended by striking “member bank’s appro-*
 23 *priate Federal banking agency” and inserting “Board”.*

1 **SEC. 110. EXPEDITED PROCEDURES FOR CERTAIN REORGA-**
 2 **NIZATIONS.**

3 *The National Bank Consolidation and Merger Act (12*
 4 *U.S.C. 215 et seq.) is amended—*

5 *(1) by redesignating section 5 as section 7; and*

6 *(2) by inserting after section 4 the following new*
 7 *section:*

8 **“SEC. 5. EXPEDITED PROCEDURES FOR CERTAIN REORGA-**
 9 **NIZATIONS.**

10 *“(a) IN GENERAL.—A national banking association*
 11 *may, with the approval of the Comptroller, pursuant to*
 12 *rules and regulations promulgated by the Comptroller, and*
 13 *upon the affirmative vote of the shareholders of such associa-*
 14 *tion owning at least two-thirds of its capital stock outstand-*
 15 *ing, reorganize so as to become a subsidiary of a bank hold-*
 16 *ing company or a company that will, upon consummation*
 17 *of such reorganization, become a bank holding company.*

18 *“(b) REORGANIZATION PLAN.—A reorganization au-*
 19 *thorized under subsection (a) shall be carried out in accord-*
 20 *ance with a reorganization plan that—*

21 *“(1) specifies the manner in which the reorga-*
 22 *nization shall be carried out;*

23 *“(2) is approved by a majority of the entire*
 24 *board of directors of the association;*

25 *“(3) specifies—*

1 “(A) the amount of cash or securities of the
2 bank holding company, or both, or other consid-
3 eration, to be paid to the shareholders of the re-
4 organizing association in exchange for their
5 shares of stock of the association;

6 “(B) the date as of which the rights of each
7 shareholder to participate in such exchange will
8 be determined; and

9 “(C) the manner in which the exchange will
10 be carried out; and

11 “(4) is submitted to the shareholders of the reor-
12 ganizing association at a meeting to be held on the
13 call of the directors in accordance with the procedures
14 prescribed in connection with a merger of a national
15 bank under section 3.

16 “(c) *RIGHTS OF DISSENTING SHAREHOLDERS.*—If,
17 pursuant to this section, a reorganization plan has been
18 approved by the shareholders and the Comptroller, any
19 shareholder of the association who has voted against the re-
20 organization at the meeting referred to in subsection (b)(4),
21 or has given notice in writing at or prior to that meeting
22 to the presiding officer that the shareholder dissents from
23 the reorganization plan, shall be entitled to receive the value
24 of his or her shares, as provided by section 3 for the merger
25 of a national bank.

1 “(d) *EFFECT OF REORGANIZATION.*—*The corporate ex-*
 2 *istence of an association that reorganizes in accordance*
 3 *with this section shall not be deemed to have been affected*
 4 *in any way by reason of such reorganization.*

5 “(e) *APPROVAL UNDER THE BANK HOLDING COMPANY*
 6 *ACT.*—*This section does not affect in any way the applica-*
 7 *bility of the Bank Holding Company Act of 1956 to a trans-*
 8 *action described in subsection (a).’’.*

9 **SEC. 111. NATIONAL BANK DIRECTORS.**

10 (a) *AMENDMENTS TO THE REVISED STATUTES.*—*Sec-*
 11 *tion 5145 of the Revised Statutes of the United States (12*
 12 *U.S.C. 71) is amended—*

13 (1) *by striking “for one year” and inserting “for*
 14 *a period of not more than 3 years,”; and*

15 (2) *by adding at the end the following: “In ac-*
 16 *cordance with regulations issued by the Comptroller*
 17 *of the Currency, an association may adopt bylaws*
 18 *that provide for staggering the terms of its directors.”.*

19 (b) *AMENDMENT TO THE BANKING ACT OF 1933.*—*Sec-*
 20 *tion 31 of the Banking Act of 1933 (12 U.S.C. 71a) is*
 21 *amended in the first sentence, by inserting before the period*
 22 *“, except that the Comptroller of the Currency may, by reg-*
 23 *ulation or order, exempt a national banking association*
 24 *from the 25-member limit established by this section”.*

1 **SEC. 112. AMENDMENT TO BANK CONSOLIDATION AND**
 2 **MERGER ACT.**

3 *The National Bank Consolidation and Merger Act (12*
 4 *U.S.C. 215 et seq.) is amended by inserting after section*
 5 *5, as added by section 110 of this Act, the following new*
 6 *section:*

7 **“SEC. 6. MERGERS AND CONSOLIDATIONS WITH SUBSIDI-**
 8 **ARIES AND NONBANK AFFILIATES.**

9 *“(a) IN GENERAL.—Upon the approval of the Comp-*
 10 *troller, a national banking association may merge with 1*
 11 *or more of its nonbank subsidiaries or affiliates.*

12 *“(b) SCOPE.—Nothing in this section shall be con-*
 13 *strued—*

14 *“(1) to affect the applicability of section 18(c) of*
 15 *the Federal Deposit Insurance Act; or*

16 *“(2) to grant a national banking association any*
 17 *power or authority that is not permissible for a na-*
 18 *tional banking association under other applicable*
 19 *provisions of law.*

20 *“(c) REGULATIONS.—The Comptroller shall promul-*
 21 *gate regulations to implement this section.”.*

22 **SEC. 113. LOANS ON OR PURCHASES BY INSTITUTIONS OF**
 23 **THEIR OWN STOCK; AFFILIATIONS.**

24 *(a) AMENDMENT TO REVISED STATUTES.—Section*
 25 *5201 of the Revised Statutes of the United States (12 U.S.C.*
 26 *83) is amended to read as follows:*

1 **“SEC. 5201. LOANS BY BANK ON ITS OWN STOCK.**

2 “(a) *GENERAL PROHIBITION.*—No national banking
3 association shall make any loan or discount on the security
4 of the shares of its own capital stock.

5 “(b) *EXCLUSION.*—For purposes of this section, an as-
6 sociation shall not be deemed to be making a loan or dis-
7 count on the security of the shares of its own capital stock
8 if it acquires the stock to prevent loss upon a debt previously
9 contracted for in good faith.”.

10 (b) *AMENDMENT TO FEDERAL DEPOSIT INSURANCE*
11 *ACT.*—Section 18 of the Federal Deposit Insurance Act (12
12 U.S.C. 1828) is amended by adding at the end the following
13 new subsection:

14 “(t) *LOANS BY INSURED INSTITUTIONS ON THEIR OWN*
15 *STOCK.*—

16 “(1) *GENERAL PROHIBITION.*—No insured depos-
17 itory institution shall make any loan or discount on
18 the security of the shares of its own capital stock.

19 “(2) *EXCLUSION.*—For purposes of this sub-
20 section, an insured depository institution shall not be
21 deemed to be making a loan or discount on the secu-
22 rity of the shares of its own capital stock if it ac-
23 quires the stock to prevent loss upon a debt previously
24 contracted for in good faith.”.

25 (c) *REMOVAL OF PROHIBITION ON CERTAIN AFFILI-*
26 *ATIONS.*—Section 18(s) of the Federal Deposit Insurance

1 *Act (12 U.S.C. 1828(s)) is amended by adding at the end*
 2 *the following new paragraph:*

3 “(5) *CERTAIN INVESTMENTS.—Paragraph (1)*
 4 *does not apply with respect to investments lawfully*
 5 *made prior to April 11, 1996, by a depository institu-*
 6 *tion in any Government-sponsored enterprise (as de-*
 7 *finied in section 1404(e)(1) of the Financial Institu-*
 8 *tions Reform, Recovery, and Enforcement Act of 1989*
 9 *(12 U.S.C. 1811 note)).”.*

10 **SEC. 114. DEPOSITORY INSTITUTION MANAGEMENT INTER-**
 11 **LOCKS.**

12 *Section 205(8) of the Depository Institution Manage-*
 13 *ment Interlocks Act (12 U.S.C. 3204(8)) is amended by*
 14 *striking “director” each place it appears and inserting*
 15 *“management official”.*

16 **SEC. 115. PURCHASED MORTGAGE SERVICING RIGHTS.**

17 *Section 475 of the Federal Depository Insurance Cor-*
 18 *poration Improvement Act of 1991 (12 U.S.C. 1828 note)*
 19 *is amended—*

20 *(1) in subsection (a)(1), by inserting “(or such*
 21 *other percentage exceeding 90 percent but not exceed-*
 22 *ing 100 percent, as may be determined under sub-*
 23 *section (b))” after “90 percent”; and*

1 (2) *by redesignating subsections (b) and (c) as*
 2 *subsections (c) and (d), respectively, and by inserting*
 3 *after subsection (a) the following new subsection:*

4 “(b) *AUTHORITY TO DETERMINE PERCENTAGE BY*
 5 *WHICH TO DISCOUNT VALUE OF SERVICING RIGHTS.—The*
 6 *appropriate Federal banking agencies may allow readily*
 7 *marketable purchased mortgage servicing rights to be valued*
 8 *at more than 90 percent of their fair market value but at*
 9 *not more than 100 percent of such value, if such agencies*
 10 *jointly make a finding that such valuation would not have*
 11 *an adverse affect on the deposit insurance funds or the safe-*
 12 *ty and soundness of insured depository institutions.”.*

13 **SEC. 116. CROSS MARKETING RESTRICTION; LIMITED PUR-**
 14 **POSE BANK RELIEF.**

15 (a) *CROSS MARKETING RESTRICTION.—Section 4(f) of*
 16 *the Bank Holding Company Act of 1956 (12 U.S.C.*
 17 *1843(f)) is amended by striking paragraph (3).*

18 (b) *DAYLIGHT OVERDRAFTS.—Section 4(f) of the Bank*
 19 *Holding Company Act of 1956 (12 U.S.C. 1843(f)) is*
 20 *amended by inserting after paragraph (2) the following:*

21 “(3) *PERMISSIBLE OVERDRAFTS DESCRIBED.—*
 22 *For purposes of paragraph (2)(C), an overdraft is de-*
 23 *scribed in this paragraph if—*

24 “(A) *such overdraft results from an inad-*
 25 *vertent computer or accounting error that is be-*

1 *yond the control of both the bank and the affili-*
 2 *ate;*

3 *“(B) such overdraft—*

4 *“(i) is permitted or incurred on behalf*
 5 *of an affiliate that is monitored by, reports*
 6 *to, and is recognized as a primary dealer*
 7 *by the Federal Reserve Bank of New York;*
 8 *and*

9 *“(ii) is fully secured, as required by*
 10 *the Board, by bonds, notes, or other obliga-*
 11 *tions that are direct obligations of the*
 12 *United States or on which the principal*
 13 *and interest are fully guaranteed by the*
 14 *United States or by securities and obliga-*
 15 *tions eligible for settlement on the Federal*
 16 *Reserve book entry system; or*

17 *“(C) such overdraft—*

18 *“(i) is permitted or incurred by, or on*
 19 *behalf of, an affiliate that is engaged in ac-*
 20 *tivities that are so closely related to bank-*
 21 *ing, or managing or controlling banks, as to*
 22 *be a proper incident thereto; and*

23 *“(ii) does not cause the bank to violate*
 24 *any provision of section 23A or 23B of the*
 25 *Federal Reserve Act, either directly, in the*

1 *case of a bank that is a member of the Fed-*
 2 *eral Reserve System, or by virtue of section*
 3 *18(j) of the Federal Deposit Insurance Act,*
 4 *in the case of a bank that is not a member*
 5 *of the Federal Reserve System.”.*

6 (c) *ACTIVITIES LIMITATIONS.*—Section 4(f)(2) of the
 7 *Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)(2))*
 8 *is amended—*

9 (1) *by striking “Paragraph (1) shall cease to*
 10 *apply to any company described in such paragraph*
 11 *if—” and inserting “Subject to paragraph (3), a com-*
 12 *pany described in paragraph (1) shall no longer qual-*
 13 *ify for the exemption provided under that paragraph*
 14 *if—”;*

15 (2) *in subparagraph (A), by striking “or” at the*
 16 *end; and*

17 (3) *by striking subparagraph (B) and inserting*
 18 *the following:*

19 *“(B) any bank subsidiary of such com-*
 20 *pany—*

21 *“(i) accepts demand deposits or depos-*
 22 *its that the depositor may withdraw by*
 23 *check or similar means for payment to*
 24 *third parties; and*

1 “(ii) engages in the business of making
 2 commercial loans (except that, for purposes
 3 of this clause, loans made in the ordinary
 4 course of a credit card operation shall not
 5 be treated as commercial loans); or

6 “(C) after the date of enactment of the Com-
 7 petitive Equality Amendments of 1987, any bank
 8 subsidiary of such company permits any over-
 9 draft (including any intraday overdraft), or in-
 10 curs any such overdraft in the account of the
 11 bank at a Federal reserve bank, on behalf of an
 12 affiliate, other than an overdraft described in
 13 paragraph (3).”.

14 **SEC. 117. DIVESTITURE REQUIREMENT.**

15 Section 4(f)(4) of the Bank Holding Company Act of
 16 1956 (12 U.S.C. 1843(f)(4)) is amended to read as follows:

17 “(4) DIVESTITURE IN CASE OF LOSS OF EXEMP-
 18 TION.—If any company described in paragraph (1)
 19 fails to qualify for the exemption provided under such
 20 paragraph by operation of paragraph (2), such ex-
 21 emption shall cease to apply to such company and
 22 such company shall divest control of each bank it con-
 23 trols before the end of the 180-day period beginning
 24 on the date that the company receives notice from the
 25 Board that the company has failed to continue to

1 *qualify for such exemption, unless before the end of*
 2 *such 180-day period, the company has—*

3 “(A) either—

4 “(i) corrected the condition or ceased
 5 *the activity that caused the company to fail*
 6 *to continue to qualify for the exemption; or*

7 “(ii) submitted a plan to the Board for
 8 *approval to cease the activity or correct the*
 9 *condition in a timely manner (which shall*
 10 *not exceed 1 year); and*

11 “(B) implemented procedures that are rea-
 12 *sonably adapted to avoid the reoccurrence of such*
 13 *condition or activity.”.*

14 ***TITLE II—STREAMLINING*** 15 ***ACTIVITIES OF INSTITUTIONS***

16 ***SEC. 201. UPDATING OF AUTHORITY FOR COMMUNITY DE-*** 17 ***VELOPMENT INVESTMENTS.***

18 *Section 5(c)(3)(A) of the Home Owners’ Loan Act (12*
 19 *U.S.C. 1464(c)(3)(A)) is amended by striking “located” and*
 20 *all that follows through “1974” and inserting “for the pri-*
 21 *mary purpose of promoting the public welfare, including*
 22 *the welfare of low- and moderate-income communities or*
 23 *families (including the provision of housing, services, or*
 24 *jobs)”.*

1 **SEC. 202. FEDERAL RESERVE ACT LENDING LIMITS.**

2 *Section 11 of the Federal Reserve Act (12 U.S.C. 248)*

3 *is amended—*

4 *(1) by striking subsection (m); and*

5 *(2) by redesignating subsection (o) as subsection*

6 *(m).*

7 **SEC. 203. BUSINESS PURPOSE CREDIT EXTENSIONS.**

8 *Section 4 of the Bank Holding Company Act of 1956*

9 *(12 U.S.C. 1843) is amended by adding at the end the fol-*
 10 *lowing new subsection:*

11 *“(k) BUSINESS PURPOSE CREDIT EXTENSIONS.—*

12 *“(1) IN GENERAL.—An institution referred to in*
 13 *section 2(c)(2)(F) or 4(f)(3) may engage in the provi-*
 14 *sion of credit card accounts for business purposes, in-*
 15 *cluding the issuance of such accounts to small busi-*
 16 *nesses.*

17 *“(2) DEFINITION.—For purposes of this sub-*
 18 *section, the term ‘credit card’ has the same meaning*
 19 *as in section 103 of the Truth In Lending Act (15*
 20 *U.S.C. 1602).”.*

21 **SEC. 204. AFFINITY GROUPS.**

22 *(a) SECTION 3 OF RESPA.—Section 3 of the Real Es-*
 23 *tate Settlement Procedures Act of 1974 (12 U.S.C. 2602)*

24 *is amended—*

25 *(1) in paragraph (7), by striking “and” at the*
 26 *end;*

1 (2) *in paragraph (8), by striking the period at*
 2 *the end and inserting “; and”; and*

3 (3) *by adding at the end the following:*

4 “(9) *the term ‘affinity group’ means any person,*
 5 *other than an individual, that—*

6 “(A) *is established for a common objective*
 7 *or purpose;*

8 “(B) *is not established directly or indirectly*
 9 *by 1 or more settlement service providers for the*
 10 *principal purpose of endorsing the products or*
 11 *services of a settlement service provider;*

12 “(C) *the common objective or purpose of*
 13 *which is not principally the conduct of settle-*
 14 *ment services; and*

15 “(D) *does not consist of or is not established*
 16 *by any member organization (or any affiliate,*
 17 *parent, or subsidiary thereof), the principal busi-*
 18 *ness of which is providing settlement services.”.*

19 (b) *SECTION 8 OF RESPA.—Section 8(c) of the Real*
 20 *Estate Settlement Procedures Act of 1974 (12 U.S.C.*
 21 *2607(c)) is amended—*

22 (1) *by striking “prohibiting (1) the” and insert-*
 23 *ing “prohibiting—*

24 “(1) *the”;*

1 (2) by striking “loan, (2) the” and inserting
2 “loan;

3 “(2) the”;

4 (3) by striking “performed, (3) payments” and
5 inserting “performed;

6 “(3) payments”;

7 (4) by striking “brokers, (4) affiliated” and in-
8 serting “brokers;

9 “(4) affiliated”; and

10 (5) by striking “relationship, or (5) such” and
11 inserting “relationship;

12 “(5) the payment or other transfer of any thing
13 of value to an affinity group for or in connection
14 with a written endorsement, either through an adver-
15 tisement or through a communication addressed to a
16 consumer by name or by mailing address, of the prod-
17 ucts or services of a settlement service provider other
18 than as to a federally related mortgage loan, the pro-
19 ceeds of which are used to acquire the property secur-
20 ing the loan, if—

21 “(A) the consumer will receive a direct fi-
22 nancial benefit from the endorsement; and

23 “(B) the disclosure is clearly made at the
24 time of the first written communication with the
25 consumer of the fact that a payment has been

1 *made or may be made or any other thing of*
 2 *value may accrue to the affinity group for the*
 3 *endorsement; or*
 4 “(6) such”.

5 **SEC. 205. FAIR DEBT COLLECTION PRACTICES.**

6 (a) *UNFAIR PRACTICES.*—Section 808(1) of the Fair
 7 *Debt Collection Practices Act (15 U.S.C. 1692f(1)) is*
 8 *amended by striking “unless” and all that follows through*
 9 *the period and inserting the following: “unless such*
 10 *amount—*

11 “(A) *is expressly authorized by the agree-*
 12 *ment creating the debt;*

13 “(B) *is permitted by law; or*

14 “(C) *is reasonable, does not exceed \$25, re-*
 15 *sults from the collection of a check returned for*
 16 *insufficient funds, and notice of the charge was*
 17 *conspicuously posted at the place where the check*
 18 *was written, in a State in which the law does*
 19 *not address the collection of such amounts.”.*

20 (b) *COLLECTION ACTIVITY FOLLOWING INITIAL NO-*
 21 *TICE.*—Section 809 of the Fair Debt Collection Practices
 22 *Act (15 U.S.C. 1692(g)) is amended by adding at the end*
 23 *the following new subsection:*

24 “(d) *CONTINUATION DURING PERIOD.*—*Except as pro-*
 25 *vided in subsection (b), collection activities and legal pro-*

1 *ceedings may continue during the 30-day period described*
 2 *in subsection (a) to the extent that the activities and com-*
 3 *munications do not overshadow or contradict the informa-*
 4 *tion provided in accordance with subsection (a).”.*

5 *(c) CERTAIN STUDENT LOANS.—Section 805(b) of the*
 6 *Fair Debt Collection Practices Act (15 U.S.C. 1692c(b)) is*
 7 *amended by inserting “or a prejudgment administrative*
 8 *wage garnishment permitted under section 488A of the*
 9 *Higher Education Act of 1965 (20 U.S.C. 1095a),” after*
 10 *“remedy,”.*

11 **SEC. 206. RESTRICTION ON ACQUISITIONS OF OTHER IN-**
 12 **SURED DEPOSITORY INSTITUTIONS.**

13 *Section 4(f)(12) of the Bank Holding Company Act of*
 14 *1956 (12 U.S.C. 1843(f)(12)) is amended—*

15 *(1) in subparagraph (A), by striking “or” at the*
 16 *end;*

17 *(2) in subparagraph (B), by striking the period*
 18 *at the end and inserting “; or”; and*

19 *(3) by adding at the end the following new sub-*
 20 *paragraph:*

21 *“(C) in an acquisition in which the insured*
 22 *institution has been found to be undercapitalized*
 23 *by the appropriate Federal or State authority.”.*

1 **SEC. 207. MUTUAL HOLDING COMPANIES.**

2 *Section 10(o) of the Home Owners' Loan Act (12*
 3 *U.S.C. 1467a(o)) is amended—*

4 *(1) by striking paragraph (1) and inserting the*
 5 *following:*

6 “(1) *REORGANIZATION.*—*A savings association*
 7 *operating in mutual form may reorganize so as to be-*
 8 *come a holding company—*

9 “(A) *by chartering a savings association,*
 10 *the stock of which is to be wholly owned, except*
 11 *as otherwise provided in this section, directly or*
 12 *indirectly by the mutual association and by*
 13 *transferring the substantial part of its assets and*
 14 *liabilities, by merger or otherwise, including all*
 15 *of its insured liabilities, to the interim savings*
 16 *association;*

17 “(B) *by converting to a stock association*
 18 *charter and simultaneously forming a subsidiary*
 19 *stock holding company that owns 100 percent of*
 20 *the voting stock of the converting association; or*

21 “(C) *in any other manner approved by the*
 22 *Director, including by the formation of a sub-*
 23 *sidary stock holding company, transferring as-*
 24 *sets and liabilities by merger or otherwise to the*
 25 *subsidiary stock holding company, or through the*
 26 *use of one or more interim institutions.”;*

1 (2) *in paragraph (3)(D)—*

2 (A) *by striking “savings association” and*
 3 *inserting “the mutual holding company or sub-*
 4 *subsidiary stock holding company”;*

5 (B) *by striking “such capital” and insert-*
 6 *ing “the capital of the association”;*

7 (C) *by striking “association’s”; and*

8 (D) *by inserting “of the association” before*
 9 *“established”;*

10 (3) *in paragraph (5)—*

11 (A) *by inserting “or subsidiary stock hold-*
 12 *ing company” before “may engage”;*

13 (B) *in subparagraph (A)—*

14 (i) *by inserting “or acquiring” after*
 15 *“Investing in”; and*

16 (ii) *by inserting “, savings bank, or*
 17 *bank” before the period; and*

18 (C) *in subparagraph (C), by inserting “or*
 19 *bank” before the period;*

20 (4) *by striking paragraph (7) and inserting the*
 21 *following:*

22 “(7) *CHARTERING AND REGULATION.—*

23 “(A) *IN GENERAL.—A mutual holding com-*
 24 *pany shall be chartered by the Director, and a*
 25 *subsidiary stock holding company may be char-*

1 *tered under State law, and such holding compa-*
 2 *nies shall be subject to such regulations as the*
 3 *Director may prescribe. Unless the context other-*
 4 *wise requires, a mutual holding company shall*
 5 *be subject to the other requirements of this sec-*
 6 *tion regarding regulation of holding companies.*

7 *“(B) CONVERSION TO STATE CHARTER.—A*
 8 *mutual holding company organized pursuant to*
 9 *paragraph (1) may convert its charter to a State*
 10 *mutual holding company charter.*

11 *“(C) CONVERSION TO FEDERAL CHARTER.—*
 12 *Notwithstanding any other provision of Federal*
 13 *law, a mutual holding company organized under*
 14 *State law may convert its State mutual holding*
 15 *company charter to a Federal mutual holding*
 16 *company charter.”;*

17 *(5) in paragraph (8)—*

18 *(A) in subparagraph (A), by inserting “or*
 19 *subsidiary stock holding company” after “com-*
 20 *pany”; and*

21 *(B) by striking subparagraph (B) and in-*
 22 *serting the following:*

23 *“(B) ISSUANCE OF SHARES.—This section*
 24 *does not prohibit a savings association or sub-*
 25 *subsidiary stock holding company chartered as part*

1 *of a transaction described in paragraph (1)*
2 *from—*

3 “(i) *issuing any nonvoting shares or*
4 *less than 50 percent of the voting share of*
5 *such association or subsidiary stock holding*
6 *company to any person other than the mu-*
7 *tual holding company;*

8 “(ii) *issuing all of the voting shares of*
9 *such association to a subsidiary stock hold-*
10 *ing company, if more than 50 percent of the*
11 *voting shares of the subsidiary stock holding*
12 *company are owned by the mutual holding*
13 *company; and*

14 “(iii) *issuing to any person other than*
15 *the mutual holding company, in connection*
16 *with the formation of the mutual holding*
17 *company or at a later date, a separate class*
18 *of voting shares, the rights and preferences*
19 *of which are identical to those of the class*
20 *of voting shares issued to the mutual hold-*
21 *ing company, except with respect to the*
22 *payment of dividends.*

23 “(C) *MUTUAL SAVINGS ASSOCIATION.—In*
24 *the case of a mutual savings association in*
25 *which holders of accounts or obligors exercise vot-*

1 *ing rights, such holders of accounts or obligors*
 2 *shall have the right to subscribe on a priority*
 3 *basis for voting shares of the subsidiary stock*
 4 *holding company or savings association char-*
 5 *tered pursuant to paragraph (1), pursuant to*
 6 *regulations of the Director, but only with respect*
 7 *to the voting shares issued in connection with the*
 8 *initial reorganization pursuant to paragraph*
 9 *(1). The priority subscription rights applicable*
 10 *to voting shares issued to the mutual holding*
 11 *company in connection with the initial reorga-*
 12 *nization pursuant to paragraph (1) shall be ex-*
 13 *ercisable at such time as the shares are subse-*
 14 *quently sold by the subsidiary savings associa-*
 15 *tion or subsidiary stock holding company.”;*

16 *(6) in paragraph (9)(A)(i)(I), by inserting “, di-*
 17 *rectly or indirectly,” after “owned”; and*

18 *(7) in paragraph (10)—*

19 *(A) by striking “subsection—” and insert-*
 20 *ing “subsection, the following definitions shall*
 21 *apply:”; and*

22 *(B) by adding at the end the following:*

23 *“(D) SUBSIDIARY STOCK HOLDING COM-*
 24 *PANY.—The term ‘subsidiary stock holding com-*
 25 *pany’ means a stock holding company organized*

1 under applicable State law, that is wholly-
 2 owned, except as otherwise provided in this sec-
 3 tion, by the mutual holding company.”.

4 **SEC. 208. CALL REPORT SIMPLIFICATION.**

5 (a) *MODERNIZATION OF CALL REPORT FILING AND*
 6 *DISCLOSURE SYSTEM.*—In order to reduce the administra-
 7 tive requirements pertaining to bank reports of condition,
 8 savings association financial reports, and bank holding
 9 company consolidated and parent-only financial state-
 10 ments, and to improve the timeliness of such reports and
 11 statements, the Federal banking agencies shall—

12 (1) *work jointly to develop a system under*
 13 *which—*

14 (A) *insured depository institutions and*
 15 *their affiliates may file such reports and state-*
 16 *ments electronically; and*

17 (B) *the Federal banking agencies may make*
 18 *such reports and statements available to the pub-*
 19 *lic electronically; and*

20 (2) *not later than 1 year after the date of enact-*
 21 *ment of this Act, report to the Congress and make rec-*
 22 *ommendations for legislation that would enhance effi-*
 23 *ciency for filers and users of such reports and state-*
 24 *ments.*

1 (b) *UNIFORM REPORTS AND SIMPLIFICATION OF IN-*
 2 *STRUCTIONS.—The Federal banking agencies shall, consist-*
 3 *ent with the principles of safety and soundness, work joint-*
 4 *ly—*

5 (1) *to adopt a single form for the filing of core*
 6 *information required to be submitted under Federal*
 7 *law to all such agencies in the reports and statements*
 8 *referred to in subsection (a); and*

9 (2) *to simplify instructions accompanying such*
 10 *reports and statements and to provide an index to the*
 11 *instructions that is adequate to meet the needs of both*
 12 *filers and users.*

13 (c) *REVIEW OF CALL REPORT SCHEDULE.—Each Fed-*
 14 *eral banking agency shall—*

15 (1) *review the information required by schedules*
 16 *supplementing the core information referred to in*
 17 *subsection (b); and*

18 (2) *eliminate requirements that are not war-*
 19 *ranted for reasons of safety and soundness or other*
 20 *public purposes.*

TITLE III—STREAMLINING AGENCY ACTIONS

SEC. 301. ELIMINATION OF DUPLICATIVE DISCLOSURE OF FAIR MARKET VALUE OF ASSETS AND LIABILITIES.

Section 37(a)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1831n(a)(3)) is amended by striking subparagraph (D).

SEC. 302. PAYMENT OF INTEREST IN RECEIVERSHIPS WITH SURPLUS FUNDS.

Section 11(d)(10) of the Federal Deposit Insurance Act (12 U.S.C. 1821(d)(10)) is amended by adding at the end the following new subparagraph:

“(C) RULEMAKING AUTHORITY OF CORPORATION.—The Corporation may prescribe such rules, including definitions of terms, as it deems appropriate to establish the interest rate for or to make payments of post insolvency interest to creditors holding proven claims against the receivership estates of insured Federal or State depository institutions following satisfaction by the receiver of the principal amount of all creditor claims.”.

1 **SEC. 303. REPEAL OF REPORTING REQUIREMENT ON DIF-**
 2 **FERENCES IN ACCOUNTING STANDARDS.**

3 *Section 37(c) of the Federal Deposit Insurance Act (12*
 4 *U.S.C. 1831n(c)) is amended—*

5 *(1) in paragraph (1), by striking “Each” and all*
 6 *that follows through “a report” and inserting “The*
 7 *Federal banking agencies shall jointly submit an an-*
 8 *nual report”; and*

9 *(2) by inserting “any” before “such agency” each*
 10 *place that term appears.*

11 **SEC. 304. AGENCY REVIEW OF COMPETITIVE FACTORS IN**
 12 **BANK MERGER ACT FILINGS.**

13 *(a) REPORT REQUIRED.—Section 18(c)(4) of the Fed-*
 14 *eral Deposit Insurance Act (12 U.S.C. 1828(c)(4)) is*
 15 *amended by striking “request reports” and all that follows*
 16 *through the end of the paragraph and inserting the follow-*
 17 *ing: “request a report on the competitive factors involved*
 18 *from the Attorney General. The report shall be furnished*
 19 *not later than 30 calendar days after the date on which*
 20 *it is requested, or not later than 10 calendar days after*
 21 *such date if the requesting agency advises the Attorney Gen-*
 22 *eral that an emergency exists requiring expeditious ac-*
 23 *tion.”.*

24 *(b) TIMING OF TRANSACTION.—Section 18(c)(6) of the*
 25 *Federal Deposit Insurance Act (12 U.S.C. 1828(c)(6)) is*
 26 *amended by striking the third sentence and inserting the*

1 following: “If the agency has advised the Attorney General
 2 of the existence of an emergency requiring expeditious ac-
 3 tion and has requested a report on the competitive factors
 4 within 10 days, the transaction may not be consummated
 5 before the fifth calendar day after the date of approval by
 6 the agency.”.

7 (c) *EVALUATION OF COMPETITIVE EFFECT.*—

8 (1) *AMENDMENTS TO THE BANK HOLDING COM-*
 9 *PANY ACT OF 1956.*—Section 3(c) of the *Bank Holding*
 10 *Company Act of 1956 (12 U.S.C. 1842(c))* is amend-
 11 ed—

12 (A) by adding at the end the following new
 13 paragraph:

14 “(6) *EVALUATION OF COMPETITIVE EFFECT.*—
 15 The Board may not disapprove of a transaction pur-
 16 suant to paragraph (1)(B) unless the Board takes
 17 into account, to the extent that data are readily
 18 available—

19 “(A) competition from institutions, other
 20 than depository institutions (as defined in sec-
 21 tion 3 of the *Federal Deposit Insurance Act*),
 22 that provide financial services;

23 “(B) efficiencies and cost savings that the
 24 transaction may create;

1 “(C) deposits of the participants in the
2 transaction that are not derived from the rel-
3 evant market;

4 “(D) the capacity of savings associations to
5 make small business loans;

6 “(E) lending by institutions other than de-
7 pository institutions to small businesses; and

8 “(F) such other factors as the Board deems
9 relevant.”; and

10 (B) in paragraph (1), by striking “restraint
11 or trade” and inserting “restraint of trade”.

12 (2) AMENDMENTS TO THE FEDERAL DEPOSIT IN-
13 SURANCE ACT.—Section 18(c)(5) of the Federal De-
14 posit Insurance Act (12 U.S.C. 1828(c)(5)) is amend-
15 ed—

16 (A) by redesignating subparagraphs (A)
17 and (B) as clauses (i) and (ii), respectively;

18 (B) by inserting “(A)” after “(5)”;

19 (C) by striking “In every case” and insert-
20 ing the following:

21 “(B) In every case under this subsection”; and

22 (D) by adding at the end the following:

23 “(C) The responsible agency may not disapprove
24 of a transaction pursuant to subparagraph (A), un-
25 less the agency takes into account—

1 “(i) competition from institutions that pro-
2 vide financial services;

3 “(ii) efficiencies and cost savings that the
4 transaction may create;

5 “(iii) deposits of the participants in the
6 transaction that are not derived from the rel-
7 evant markets;

8 “(iv) the capacity of the institutions to
9 make small business loans;

10 “(v) lending by institutions other than de-
11 pository institutions to small businesses; and

12 “(vi) such other factors as the responsible
13 agency deems relevant.”.

14 **SEC. 305. ELIMINATION OF SAIF AND DIF SPECIAL RE-**
15 **SERVES.**

16 (a) *SAIF SPECIAL RESERVES*.—Section 11(a)(6) of
17 *the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(6))*
18 *is amended by striking subparagraph (L).*

19 (b) *DIF SPECIAL RESERVES*.—Section 2704 of the *De-*
20 *posit Insurance Funds Act of 1996 (12 U.S.C. 1821 note)*
21 *is amended—*

22 (1) *by striking subsection (b); and*

23 (2) *in subsection (d)—*

24 (A) *by striking paragraph (4);*

1 (B) in paragraph (6)(C)(i), by striking “(6)
 2 and (7)” and inserting “(5), (6), and (7)”; and
 3 (C) in paragraph (6)(C), by striking clause
 4 (ii) and inserting the following:
 5 “(ii) by redesignating paragraph (8)
 6 as paragraph (5).”.

7 ***TITLE IV—MISCELLANEOUS***

8 ***SEC. 401. ALTERNATIVE COMPLIANCE METHODS FOR AD-*** 9 ***VERTISING CREDIT TERMS.***

10 Chapter 3 of the Truth in Lending Act (15 U.S.C.
 11 1661 et seq.) is amended by adding at the end the following
 12 new section:

13 ***“SEC. 148. ALTERNATIVE DISCLOSURES.***

14 “(a) *IN GENERAL.*—A radio or television advertise-
 15 ment to aid, promote, or assist, directly or indirectly, any
 16 extension of consumer credit may satisfy the disclosure re-
 17 quirements in sections 143, 144(d), 147(a), or 147(e), by
 18 complying with all of the requirements in subsections (b)
 19 and (c) of this section.

20 “(b) *INFORMATION TO BE DISCLOSED.*—A radio or
 21 television advertisement referred to in subsection (a) com-
 22 plies with this subsection if it clearly and conspicuously
 23 sets forth, in such form and manner as the Board may re-
 24 quire—

1 “(1) the annual percentage rate of any finance
2 charge and, at the option of the creditor, the simple
3 interest rate with respect to closed-end credit, or the
4 periodic rate with respect to an open-end credit plan;

5 “(2) whether the interest rate may vary;

6 “(3) if the advertisement states an introductory
7 rate (or states with respect to a variable-rate plan an
8 initial rate that is not based on the index and margin
9 used to make later rate adjustments)—

10 “(A) with equal prominence, the annual
11 percentage rate that will be in effect after the in-
12 troductory or initial rate period expires (or for
13 a variable-rate plan, a reasonably current an-
14 nual percentage rate that would have been in ef-
15 fect using the index and margin); and

16 “(B) the period during which the introduc-
17 tory or initial rate will remain in effect;

18 “(4) the amount of any annual fee for an open-
19 end credit plan;

20 “(5) a telephone number established in accord-
21 ance with subsection (c) that may be used by consum-
22 ers to obtain all of the information otherwise required
23 to be disclosed pursuant to sections 143 and 144(d),
24 and subsections (a) and (e) of section 147; and

1 “(6) a statement that the consumer may use the
2 telephone number established in accordance with sub-
3 section (c) to obtain further details about additional
4 terms and costs associated with the offer of credit.

5 “(c) *REQUIREMENTS FOR TELEPHONE NUMBERS.*—In
6 the case of an advertisement described in subsection (b) that
7 refers to a telephone number—

8 “(1) the creditor shall establish the telephone
9 number for a broadcast area not later than the date
10 on which the advertisement is first broadcast in that
11 area;

12 “(2) the required information shall be available
13 by telephone for a broadcast area for a period of not
14 less than 10 days following the date of the final
15 broadcast of the advertisement in that area;

16 “(3) the creditor shall provide all of the informa-
17 tion that is otherwise required pursuant to sections
18 143 and 144(d), and subsections (a) and (e) of section
19 147 orally by telephone or, if requested by the con-
20 sumer, in written form; and

21 “(4) the consumer shall obtain the required in-
22 formation by telephone without incurring any long-
23 distance charges.”.

1 **SEC. 402. POSITIONS OF BOARD OF GOVERNORS OF FED-**
 2 **ERAL RESERVE SYSTEM ON THE EXECUTIVE**
 3 **SCHEDULE.**

4 (a) *IN GENERAL.*—

5 (1) *POSITIONS AT LEVEL I OF THE EXECUTIVE*
 6 *SCHEDULE.*—Section 5312 of title 5, United States
 7 Code, is amended by adding at the end the following:
 8 “Chairman, Board of Governors of the Federal
 9 Reserve System.”.

10 (2) *POSITIONS AT LEVEL II OF THE EXECUTIVE*
 11 *SCHEDULE.*—Section 5313 of title 5, United States
 12 Code, is amended—

13 (A) by striking “Chairman, Board of Gov-
 14 ernors of the Federal Reserve System.”; and

15 (B) by adding at the end the following:

16 “Members, Board of Governors of the Federal Re-
 17 serve System.”.

18 (3) *POSITIONS AT LEVEL III OF THE EXECUTIVE*
 19 *SCHEDULE.*—Section 5314 of title 5, United States
 20 Code, is amended by striking “Members, Board of
 21 Governors of the Federal Reserve System.”.

22 (b) *EFFECTIVE DATE.*—This section and the amend-
 23 ments made by this section shall take effect on the first day
 24 of the first pay period for the Chairman and Members of
 25 the Board of Governors of the Federal Reserve System begin-
 26 ning on or after the date of enactment of this section.

1 **SEC. 403. CONSISTENT COVERAGE FOR INDIVIDUALS EN-**
 2 **ROLLED IN A HEALTH PLAN ADMINISTERED**
 3 **BY THE FEDERAL BANKING AGENCIES.**

4 (a) *ENROLLMENT IN CHAPTER 89 PLAN.*—For pur-
 5 poses of chapter 89 of title 5, United States Code, any pe-
 6 riod of enrollment shall be deemed to be a period of enroll-
 7 ment in a health benefits plan under chapter 89 of such
 8 title, if such enrollment is—

9 (1) *in a health benefits plan administered by the*
 10 *Federal Deposit Insurance Corporation before the ter-*
 11 *mination of such plan on or before January 2, 1999;*
 12 *or*

13 (2) *subject to subsection (c), in a health benefits*
 14 *plan (not under chapter 89 of such title) with respect*
 15 *to which the eligibility of any employees or retired*
 16 *employees of the Board of Governors of the Federal*
 17 *Reserve System terminates on or before January 2,*
 18 *1999.*

19 (b) *ENROLLMENT; CONTINUED COVERAGE.*—

20 (1) *ENROLLMENT.*—Subject to subsection (c),
 21 any individual who, on or before January 2, 1999, is
 22 enrolled in a health benefits plan described in para-
 23 graph (1) or (2) of subsection (a) may enroll in an
 24 approved health benefits plan under chapter 89 of
 25 title 5, United States Code, either as an individual or

1 *for self and family, if, after taking into account the*
 2 *provisions of subsection (a), such individual—*

3 *(A) meets the requirements of that chapter*
 4 *89 for eligibility to become so enrolled as an em-*
 5 *ployee, annuitant, or former spouse (within the*
 6 *meaning of that chapter); or*

7 *(B) would meet the requirements of that*
 8 *chapter 89 if, to the extent that such require-*
 9 *ments involve either retirement system under*
 10 *such title 5, such individual satisfies similar re-*
 11 *quirements or provisions of the Retirement Plan*
 12 *for Employees of the Federal Reserve System.*

13 (2) *DETERMINATIONS.—Any determination*
 14 *under paragraph (1)(B) shall be made under guide-*
 15 *lines established by the Office of Personnel Manage-*
 16 *ment in consultation with the Board of Governors of*
 17 *the Federal Reserve System.*

18 (3) *CONTINUED COVERAGE.—Subject to sub-*
 19 *section (c), any individual who, on or before January*
 20 *2, 1999, is entitled to continued coverage under a*
 21 *health benefits plan described in paragraph (1) or (2)*
 22 *of subsection (a) shall be deemed to be entitled to con-*
 23 *tinued coverage under section 8905a of title 5, United*
 24 *States Code, but only for the same remaining period*
 25 *as would have been allowable under the health benefits*

1 *plan in which such individual was enrolled on or be-*
 2 *fore January 2, 1999, if—*

3 *(A) the individual had remained enrolled in*
 4 *that plan; and*

5 *(B) that plan did not terminate, or the eli-*
 6 *gibility of such individual with respect to that*
 7 *plan did not terminate, as described in sub-*
 8 *section (a).*

9 *(4) COMPARABLE TREATMENT.—Subject to sub-*
 10 *section (c), any individual (other than an individual*
 11 *under paragraph (3)) who, on or before January 2,*
 12 *1999, is covered under a health benefits plan de-*
 13 *scribed in paragraph (1) or (2) of subsection (a) as*
 14 *an unmarried dependent child, but who does not then*
 15 *qualify for coverage under chapter 89 of title 5,*
 16 *United States Code, as a family member (within the*
 17 *meaning of that chapter) shall be deemed to be enti-*
 18 *tled to continued coverage under section 8905a of that*
 19 *title, to the same extent and in the same manner as*
 20 *if such individual had, on or before January 2, 1999,*
 21 *ceased to meet the requirements for being considered*
 22 *an unmarried dependent child of an enrollee under*
 23 *such chapter.*

24 *(5) EFFECTIVE DATE.—Coverage under chapter*
 25 *89 of title 5, United States Code, pursuant to an en-*

1 *rollment under this section shall become effective on*
 2 *January 3, 1999, or such earlier date, established by*
 3 *the Office of Personnel Management, after consulta-*
 4 *tion with the Corporation and the Board, as appro-*
 5 *priate.*

6 *(c) ELIGIBILITY FOR FEHBP LIMITED TO INDIVID-*
 7 *UALS LOSING ELIGIBILITY UNDER FORMER HEALTH*
 8 *PLAN.—Nothing in subsection (a)(2) or any paragraph of*
 9 *subsection (b) (to the extent that paragraph (2) relates to*
 10 *the plan described in subsection (a)(2)) shall be considered*
 11 *to apply with respect to any individual whose eligibility*
 12 *for coverage under the plan does not involuntarily termi-*
 13 *nate on or before January 2, 1999.*

14 *(d) TRANSFERS TO THE EMPLOYEES HEALTH BENE-*
 15 *FITS FUND.—The Federal Deposit Insurance Corporation*
 16 *and the Board of Governors of the Federal Reserve System*
 17 *shall transfer to the Employees Health Benefits Fund,*
 18 *under section 8909 of title 5, United States Code, amounts*
 19 *determined by the Director of the Office of Personnel Man-*
 20 *agement, after consultation with the Federal Deposit Insur-*
 21 *ance Corporation and the Board of Governors of the Federal*
 22 *Reserve System, to be necessary to reimburse the Fund for*
 23 *the cost of providing benefits under this section not other-*
 24 *wise paid for by the individuals covered by this section.*
 25 *The amounts so transferred shall be held in the Fund and*

1 *used by the Office of Personnel Management in addition*
 2 *to amounts available under section 8906(g)(1) of title 5,*
 3 *United States Code.*

4 *(e) ADMINISTRATION AND REGULATIONS.—The Office*
 5 *of Personnel Management—*

6 *(1) shall administer the provisions of this section*
 7 *to provide for—*

8 *(A) a period of notice and open enrollment*
 9 *for individuals affected by this section; and*

10 *(B) no lapse of health coverage for individ-*
 11 *uals who enroll in a health benefits plan under*
 12 *chapter 89 of title 5, United States Code, in ac-*
 13 *cordance with this section; and*

14 *(2) may prescribe regulations to implement this*
 15 *section.*

16 **SEC. 404. FEDERAL HOUSING FINANCE BOARD.**

17 *Section 2A(b)(2) of the Federal Home Loan Bank Act*
 18 *(12 U.S.C. 1422a(b)(2)) is amended—*

19 *(1) by striking subparagraph (B); and*

20 *(2) by redesignating subparagraphs (C) and (D)*
 21 *as subparagraphs (B) and (C), respectively.*

22 **SEC. 405. REPORTS BY INDENTURE TRUSTEE.**

23 *Section 313 of the Trust Indenture Act of 1939 (15*
 24 *U.S.C. 77mmm) is amended by adding at the end the fol-*
 25 *lowing:*

1 “(e) *CHANGE OF ADDRESS INFORMATION.*—

2 “(1) *FREQUENCY.*—Not less frequently than once
3 *every 12 months, the indenture trustee shall forward*
4 *to each indenture security holder a form requesting*
5 *change of address information.*

6 “(2) *PROVISION OF FORMS.*—The forms required
7 *by paragraph (1) may be provided in conjunction*
8 *with the reports required by subsection (a) or (b), and*
9 *transmitted in accordance with subsection (c).”.*

10 ***TITLE V—TECHNICAL*** 11 ***CORRECTIONS***

12 ***SEC. 501. TECHNICAL CORRECTION RELATING TO DEPOSIT*** 13 ***INSURANCE FUNDS.***

14 (a) *IN GENERAL.*—Section 2707 of the *Deposit Insur-*
15 *ance Funds Act of 1996 (Public Law 104–208; 110 Stat.*
16 *3009–496) is amended—*

17 (1) *by striking “7(b)(2)(C)” and inserting*
18 *“7(b)(2)(E)”;* and

19 (2) *by striking “, as redesignated by section*
20 *2704(d)(6) of this subtitle”.*

21 (b) *EFFECTIVE DATE.*—The amendments made by sub-
22 *section (a) shall be deemed to have the same effective date*
23 *as section 2707 of the Deposit Insurance Funds Act of 1996.*

1 **SEC. 502. RULES FOR CONTINUATION OF DEPOSIT INSUR-**
 2 **ANCE FOR MEMBER BANKS CONVERTING**
 3 **CHARTERS.**

4 *Section 8(o) of the Federal Deposit Insurance Act (12*
 5 *U.S.C. 1818(o)) is amended in the second sentence, by strik-*
 6 *ing “subsection (d) of section 4” and inserting “subsection*
 7 *(c) or (d) of section 4”.*

8 **SEC. 503. AMENDMENTS TO THE REVISED STATUTES.**

9 *(a) WAIVER OF CITIZENSHIP REQUIREMENT FOR NA-*
 10 *TIONAL BANK DIRECTORS.—Section 5146 of the Revised*
 11 *Statutes of the United States (12 U.S.C. 72) is amended*
 12 *in the first sentence, by inserting before the period “, and*
 13 *waive the requirement of citizenship in the case of not more*
 14 *than a minority of the total number of directors”.*

15 *(b) TECHNICAL AMENDMENT TO THE REVISED STAT-*
 16 *UTES.—Section 329 of the Revised Statutes of the United*
 17 *States (12 U.S.C. 11) is amended by striking “to be inter-*
 18 *ested in any association issuing national currency under*
 19 *the laws of the United States” and inserting “to hold an*
 20 *interest in any national bank”.*

21 *(c) REPEAL OF UNNECESSARY CAPITAL AND SURPLUS*
 22 *REQUIREMENT.—Section 5138 of the Revised Statutes of*
 23 *the United States (12 U.S.C. 51) is repealed.*

1 **SEC. 504. CONFORMING CHANGE TO THE INTERNATIONAL**
2 **BANKING ACT OF 1978.**

3 *Section 4(b) of the International Banking Act of 1978*
4 *(12 U.S.C. 3102(b)) is amended in the second sentence, by*
5 *striking paragraph (1) and by redesignating paragraphs*
6 *(2) through (4) as paragraphs (1) through (3), respectively.*